Soviets agree to US plan for 195,000 troop ceiling

chancellery official that East

Germany would run out of

tory. Mr Gorbachev's statement

appeared to show that Moscow

A WAR of words broke out

yesterday between the two

Germanies as East Germany

angrily denied earlier allega-tions by Bonn that it was

approaching bankruptcy, writes David Marsh. Mr Wolfgang Meyer, the East Berlin government

spokesman, termed as "non-sense" remarks from a senior

but that the US could keep another 30,000 in Britain, Italy, Greece and Turkey without a matching Soviet deployment. Tass quoted Mr Gorbachev

as saying that if the 195,000

figure was unacceptable, the Soviet Union proposed a ceil-

ing of 225,000 troops each in Europe, excluding Soviet terri-

last executive elections in 1988. Mr Todd said he had decided

to suspend the ballot, which

will be re-run between Febru-ary 16 and March 26, after the Electoral Reform Society had

reported its unease about the use of some papers traced to the batch at headquarters.

The papers were being held at the union's Transport House headquarters so that members

of the union who complained

at not receiving papers directly could be sent spares after their names had been checked with

the union's regions.

Mr Todd said only a "very small number" of papers were involved, but he did not want any candidate in the election to be think that there had been

ballot-rigging. "Whatever abuse there is, I am not going to live with that," he said. He said he was unhappy that "a cloud of suspicion" would

hang over staff at Transport

House until his investigation was finished. "When and if I

discover the people involved in

The Electoral Reform Soci-

any irregularity, they are fin-ished at the TGWU," he said.

ety, which supervised the bal-lot, was said to have become

suspicious at a late surge in

the returns in some of the

union's 14 trade groups and 11

regions. The papers were found

Ron Todd to investigate the national executive ballot irregularities

WORLD NEWS

Y FEBRUARY

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For details plane

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ext 3694

ext 3351

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Adam Futera

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Elizabeth Arth

Nicholas Bah

Jennifer Hudo

Richard Hugge

BSB launch may be on cable only

Shortage of receiver equipment may force British Satellite Broadcasting, the £1.3hn satel-lite television venture, to limit its initial launch to cable tele-

Some BSB staff believe that the satellite company will decide to launch a programme service to cable networks on March 25 with only 2,000-3,000 receivers available for direct reception in homes.

New Rushdie threat

Avatoliah Ali Khamenei, a senior Iranian leader, reaffirmed the "death sentence" passed on Salman Rushdie, author of The Satanic Verses, by Ayatollah Khomeini neariy a year. Page 3

Ambulance vote

Ambulance unions want to use the forthcoming parliamentary by-election in mid-Staffordshire as a "referendum" on their dispute. Page 5

Gas pay offer

British Gas offered its manual employees pay rises of between 9 and 9.8 per cent in a move which demonstrates the growing pressure on companies to concede pay rises above infla-tion. BAe offer, Page 5

Romanian parties meet

Forty-five Romanian political parties met for the first time to discuss the composition of the Provisional Conneil for National Unity which will act as a transitional parliament until elections. Page 2

Liverpool airport plan

British Aerospace is negotia-ting with Liverpool City Coun-cil to lease land for a 21.2bm airport which would be built as a transatlantic gateway to

BR instant fines

British Rail will introduce onof fares in the summer on two lines in the Network SouthEast area of England. Page 5_ 🗼

Frand sentence cut

The five-year sentence on an accounts clerk for her part in an attempt to defraud Britoil of £23m was cut to four years by a Scottish appeal court.

Factory explosion

An explosion wrecked part of an ageing East German chemical complex killing three people and injuring 25.

Karachi deaths

Three people were killed in Karachi, Pakistan, bringing the death toll to 67 in thre days of ethnic and political

Rivers alert plan

The National Rivers Authority is considering controls over water quality, including an "amber warning" system to alert the public to the threat of river pollution. Page 4

Air France threat

Air France said it would cancel a third of its medium-haul flights if pilots and flight technicians went ahead with a 48hour strike due to start at midnight today.

Del Shannon dies

Sixties pop star Del Shannon 50, best known for his 1961 hit Runaway, was found shot dead at his home in California. He is believed to have committed

BUSINESS SUMMARY Sock Shop

Sock Shop International, hosiery retailer, reported a loss of £4m in the first half of its

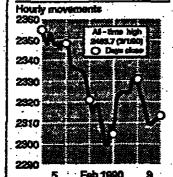
THE SUPREME Court of Victoria upheld the appointment of receivers at Mr Alan Bond's Australian brewing interests, criticising the Bond group's conduct. Another arm of the entrepreneur's empire, Bond

BANKS HOVIS McDOUGALL, HANKS HOVIS McDOUGALL.

UK foods group, is in talks with Suntory of Japan to sell its 70 per cent holding in Cerebos Pacific, Singapore-based food group. For Suntory, the deal would represent a first venture into Asia, outside Japan. Page 24

STOCKS retreated in nervous dealing yesterday, with inves-tors worried by the prospect of rising inflationary trends in Europe and a possible inter-

FT-SE 100 Index



est rate rise by the West German Bundesbank. The FT-SE index was down 17.4 points

MEMPLERS of a Lloyd's of Lon-don insurance syndicate are considering legal action for ence over 5.5um (£14/m losses due to heavy asbestos and pollution claims in the

ITALIAN Budget Minister Paolo Cirino Pomicino said Italy will lift its final foreign exchange restrictions in May, two months before the July deadline for the liberalisa of capital flows within the EC. Barriers to be lifted include

ing foreign bank accounts. UNIVERSAL, Polish foreign

under the Government's free market policies. The sale is to be managed by Bank IG, the Hungarian bank itself soon to be privatised. Page 10 EASTERN AIRLINES said it

asked the US Bankruptcy Court in Manhattan to grant a 30-day extension of its exclusivity period until March 12 to submit a reorganisation plan. Eastern said the request was supported by the airline's unsecured creditors.

SMITHKLINE BEECHAM, US pharmaceuticals manufacturer, announced changes to its AIDS drug development progran after efforts to improve produc-tion capability for its soluble T4 protein were unsuccessful.

CHRYSLER Corporation declined to comment on reports that it is engaged in negotiations for the possible sale of its Gulfstream business-sircraft manufacturing unit to Forstmann, Little and Co., a New York-based leveraged buyout firm.

JAPAN'S largest pharmacenti-cal company, Takeda Chemical Industries, is to build a \$90m vitamin C plant in Wilmington, North Carolina, increasing total US vitamin C production capacity by a third.

MR MIKHAIL GORBACHEV, the Soviet leader, yesterday agreed a ceiling of 195,000 should be imposed on Soviet

troops in central Europe, as

suggested by President George Bush last week, but insisted that US troops should be lim-

ited to the same level through-

out Europe.

Mr Gorbachev's statement,
made at talks in Moscow with
Mr James Baker, US Secretary

of State, accepted figures offered by Mr Bush last week.

But, he apparently rejected the idea that an extra 30,000 US

troops could be stationed out-side central Europe.

Mr Bush proposed last month, in his annual State of the Union speech, that each

superpower should retain 195,000 men in central Europe

TGWU vote

suspended

By John Gapper, Labour Editor

MR RON TODD, general secretary of the Transport and General Workers' Union, yes-

terday suspended a crucial national election for the union's ruling executive after being told that ballot papers

held at the union's headquar-

Mr Todd, whose own election

as general secretary was re-run in 1985 after accusations of bal-

lot-rigging, said he was horrified that a "breach of security" involving spare ballot papers had led to "an irregularity" in

The election was being watched closely within the Labour Party because the slim

left-wing majority on the 39-strong executive has opposed some of the moves by Mr Neil Kinnock, Labour leader, to moderate the party's policies. The Labour Party and the TGWU have clashed most copenty over the union's sup-

epenly over the union's sup-

port for unilateral nuclear dis-

ermament, and right-wing can-

didates in the suspended

election have suggested they

would display more loyalty to the Labour leadership.

Elections in the TGWU,

which has L3m members and

is the largest union in the

country, have been dogged by

controversy in recent years. There were unproved accusa-

ters had been misused.

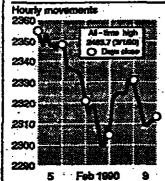
the ballot.

over misuse

first-half £4m loss

financial year, its chairman, Ms Sophie Mirman, blamed last summer's hot weather and transport strikes for poor sales and said she had "no inten-tion" of selling the company.

Media, won a reprieve on a A\$367m (E164m) loan repayment until March 28.



to close at 2,313.6, after a morning high of 2,323.9.

US. Page 24

a ban on Italian residents holdtrade company, is to be one of the first to be privatised

London, in the shadow of Tower Bridge and under the guns of HMS Belfast, the Second World War warship that is one of the capital's most popular tourist attraction

It involves four leading City figures, eight Queen's Counsel, a covey of other lawyers and made to an English courtroom, which were still going on late

sen as the venue because the Old Bailey does not have a courtroom large enough to accommodate such a trial. at a cost of £15,000 - the bill cellor's Dep Gone are the light oak

office chairs - swivel for barristers and jurors, static for hoi polloi - making the setting more reminiscent of a public inquiry than a criminal trial. Even the dock has been unbolted from the floor, reduced in size and its position lightly altered

will preside over the trial, is untouched - in deference, no

Burton. The alterations, she said yesterday, had been necessary because "the sheer numbers we are trying to accommodate" - running to several score - could not have en comfortably seated in the fixed furniture.
"We decided to give counse!

what we called a green field

court and bringing in tables and chairs to their specifica-

services, it has not been easy." In the remodelled dock on Monday will be Mr Ernest saunders, former Guinness
chief executive, Mr Gerald
Ronson, chairman of Heron
Corporation, Mr Anthony
Parnes, a former City
stockbroker, and millionaire
financier Sir Jack Lyons.
Mr Saunders' defence is led
by Mr Richard Ferguson, QC,
an Ulsterman and former
Unionist member of the Store

Bonn believes that East Gertalks came after a day of high many is moving quickly level superpower negotiations. These included talks between Mr Baker and Mr Gorbachev lasting four hours—two hours more than planned. The Moscow talks yesterday

money in the next few days. The official said that East towards turmoil. As East Berlin voiced bitter-Germany might turn soon to ness about an alleged desta-West Germany for huge "sta-bility payments." Another offi-cial said that East Germany blisation campaign from the Federal Republic, confusion rose in both German states would be unable to pay civil about unification prospects servants for more than a few ahead of Chancellor Helmut Kohl's visit to Moscow today.

Europe and the United States some 305,000 in western

lace ballots. This was expec-

ted to reduce the chances of irregularities in the conduct of

Mr Rhys Vanghan, a solici-tor who was acting as scruti-neer for the election, said he supported Mr Todd's decision

the election had been con-

ducted properly within legal

18 vote majority on the TGWU executive council since the last

election, which later became

subject of controversy when Mr Steve Riley, a left-wing

member was, accused of hav-

ing been in arrears when elected.

Left-wingers have had a 21 to

requirements.

ot aithough

was not ready to accept that the US should keep more troops in western Europe than Talks between Mr Baker and Mr Eduard Shevardnadze, the Soviet Foreign Minister, went into an unscheduled extra session last night to bridge differences on arms control between the Soviet Union had in eastern Europe.
The Soviet Union has about 575,000 troops in eastern

centred on the outstanding dif-

ferences between the US and Soviet Union on the Strategic Arms Reduction Talks (START). They also touched on the issue of German reunifica-Mr Baker's visit to Moscow

is aimed at clearing the way for a START agreement which Mr Bush and Mr Gorbachev aim to finish in time for the June superpower summit in Washington.

The unexpected extension of

Continued on Page 24

Alternative to poll tax is pledged

By Philip Stephens, Political Editor

by Labour

THE LABOUR PARTY yesterday pledged itself to replace the Community Charge, or poll tax, with a local tax linked both to property values and to incomes, but held back from committing itself publicly to the scheme which is under intense study within the Shadow Cabinet.

Amid Government charges that Labour has no realistic alternative to the tax and that it plans a punitive "roof tax," Mr Brian Gould, the party's environment spokesman, set out the broad principles which would underpin its alternative. He told Labour's local gov-ernment conference in Cardiff that the framework would ensure a system fairer and more efficient than either the note enticlent than earner the old rating system or the "arbi-trary and capricious" poll tax. Denying any splits within the Shadow Cabinet over its

alternative, Mr Gould said that the party was committed to a "modern property tax," which would take into account the walus of an individual's property and their ability to pay.

He declined to spell out the details of how the scheme party is still looking at two alternatives. One of those is month by the Labour Party in Scotland - a property tax with a comprehensive rebate scheme for those on low

Papers circulated to members of the Shadow Cabinet Continued on Page 24 Background, Page 4

Weekend



PASSWORD TO THE

PENTAGON Max Wilkinson traces the extraordinary story of the West German computer hacker who tapped into a US Air Force computer. promoted himself to

Colonel - and took control Page i

Finance A beginner's guide to BES - still one of the best tax shelters Page III

Perspectives Active Citizens: the men and women who pay their debts to society Page Vill

Food & Wine Nicholas Lander chews up the Michelin restaurant guide Page XII

How To Spend It Lucia van der Post on some good old plastics Page XIII

Arts Peter Hall on the paradox Thorncroft on the theatre funding crisis Page XIX

Sport Womens' rûgby: a draw for the men Page XXII

in a postal ballot, rather than the former system of worktions of ballot-rigging after the to have come from Transport Curtain about to rise on the City's trial of the century

By Raymond Hughes, Law Courts Correspondent

IT IS being called The City Trial of the Century - the first of the two criminal trials in the Guinness affair, due to

start on Monday and expected to last until late July.

It is to take place at South-wark Crown Court on the south bank of the Thames in

the most extensive - and expensive - alterations ever yesterday. Southwark Court was cho-

Even so, Court No. 2 has had to be stripped and remodelled being footed by the Lord Chanally occupied by barristers and solicitors, press and public. In their place are metal tables and blue, black or orange

Only the judicial bench, from which Mr Justice Henry

doubt, to the need to maintain the majesty of the law. The logistical problem of preparing the courtroom fell on the shoulders of Southwark court's chief clerk, Miss Mary site, which meant gutting the

Ron Todd: Unhappy at cloud of suspicion

The suspension of the ballot is a particular blow because it is the first in what is expected

to be a rolling series of leader-ship elections — including one

for the general secretaryship on Mr Todd's retirement –

Mr Bill Morris, deputy gen-eral secretary and Mr Eddie Haigh, assistant general secre-tary, are expected to stand for

re-election this year under pro-visious in the 1988 Employ-

ment Act. Mr Todd's retire-

the executive had been elected

It was also the first time that

ment is expected to follow.

It had, she acknowledged, involved a good deal of expense and, "given the finan-cial constraints on the public

mont parliament, who is believed to be the only barrister to have "taken Silk" in three jurisdictions to become a Queen's Counsel in both igland and Northern Ireland and a Senior Counsel in the Irish Republic. According to Who's Who, Mr Ferguson's recreations include "drinking

Continued on Page 24

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year (£4,800 for couples) and your 1% discount, return the coupon today for full details by return of post.



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DM 1.875 (1.5725)

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£ index 89.4 (89.1) GOLD New York: Comex Apr \$420.5 (423.5) \$415.75 (417) M SEA OIL (Argus) Brent 15-day Mar \$19.175 (19.725)

Chief price changes

FF15.8925 (5.685) SF11.4965 (1.4945) Y145.3 (145.35) \$ index 67.1 (67) Tokyo close: Y144.72 us lunchtime RATES Fed Funds 84 % (82) 3-mo Treasury Billis: yield: 8.023% (8.057) Long Bond: 101 3. (95 %) yield: 8.388% (8.484)

FT-SE 100: 2,313.6 (-17.4) FT Ordinary: 1.830.7 (-14.5) FT-A All-Share 1,156,72 (-0.7%) New York kind DJ ind. Av. 2,850.23 (+5.85) S&P Comp 333.51 (+0.55) Tokyo: Nikkel 37,288.14 (-228.1) LONDON MONRY

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3-month interbanic closing 153 (same)

CONTENTS

Editorial Comments Retreat in good order Men in the News:

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ktis Sch24; Bahrain Din0.700; Bermuda \$1.50; Belgium BP;59; Caneda C\$1.00; Cyptus C£0.90; Danmark DK;12.00; Egypt E£3.20; Finland MLSO: France FF1/50; Germany CM2.60; Greece Drifts; Hong Koog HK\$12; Hungery F107; Iceland KKR160; Icela Rup16; Indonesia Rp3.100; and E£0.80; Israel NS3.60; Maly L5000; Japan Y600; Jorgan Fils1.000; Kuleak Fils.200; Lebanne D.400; Lucembourg LF:65; Maldyele Rin4.25; Na 400; Mazico Pessio; Morocco Dhi6.00; Netherlande Fil3.65; Nermay Net/12.00; Perhugal Eac150; S.Arabia Ris7.00; Singapore S\$4.10; Spain

Britain's developers: -Black week for the property men

Non-executive directors: Headfirst into corporate life

Apple Computer: Where the secrets get wormed out

Soviet party threatened as reformers plan to meet

By Quentin Peel in Moscow

THE ruling Soviet Communist Party was yesterday facing new threats to its supremacy from both within its ranks and outside, in the wake of the decision by the party leadership to abandon its constitu-tional monopoly on power.

Key meetings of radical reformers have been called for today and next week, which could see the first moves towards a party split, and demands for round-table talks with opposition forces along the lines tried in East Ger-

Even Mr Mikhail Gorbachev, as party leader and head of state, fuelled doubts on the future of the party when he was questioned by US correspondents just before his talks with Mr James Baker, the US Secretary of State. Asked if he would stand as a Communist in future multi-party elections, he said: "Let us wait and see." In spite of his best efforts to insist on party unity and revit-

alisation, popular protest continues to spread. It was revealed yesterday that delegates of the new Dem-ocratic Platform of reformers

within the Communist Party will meet in Moscow today to consider the outcome of the plenum. Some are expected to urge that the moves for inner-party democracy are inadequate, and that social democratic sym-

pathisers should break away as

soon as possible. Next week, a wider group, sin, the former junior member of the Politburo, the Moscow Voters' Association, the three largest miners' strike commit-tees, and informal democratic groups such as the Democratic Union, will meet to form a Citi-

key aim is to set up a round-ta-ble dialogue between the ruiing party and the opposition

These moves coincided with new revolts against regional Communist Party leaders in the two largest coalfields -the Donbas and Kuzbas fields - and in Ufa, capital of the republic of Bashkiria.

Another potential threat of mass popular protest has come with a decision by the state prosecutor to take action against two of his former They are accused of using illegal methods to extort confessions of corruption.

However the two, both members of the Congress of Peo-ple's Deputies, have become popular because of their antizens' Action Committee.

The alliance arises out of last Sunday's mass demonstration in central Moscow, and its cover up further corruption.

Brussels studies French proposal to end Renault row

By William Dawkins in Paris

THE European Commission yesterday began studying a last-ditch attempt by France to resolve the 18-month row over an allegedly illicit FFr12bn (21.2bn) debt write-off for Renault, the car maker.

A compromise plan over 100 pages long, prepared by the French Industry Ministry with Renault, suggests the state-owned company could repay roughly a quarter of the aid, to reflect the fact that it has scaled down earlier job cutting

plans. The Government would have the option to reimburse have the option to reimburse the group partly or fully later, by buying new Renault shares. Brussels has given France until February 23 to talk it into a compromise, failing which the Commission plans to demand full repayment at the European Court of Justice, in the biggest and most politiin the biggest and most politi-cally touchy state aid dispute between France and the EC

circles interpret Brussels' toughness as a sign that Sir Leon Brittan, European Com-petition Commissioner, wants to clamp down all round on the extent to which govern-ment shareholders can support state-owned industries. Yet Sir Leon is also under a moral obligation to deal evenly, given that the Commission has forced Italy, West Germany and Britain to curb individual state aid packages for their car industries in recent years.

France's previous centreright government actually won the Commission's agree-ment for a FFr12bn Renault aid package in 1987, on condition that the company lost its privileged status as a "regie", under which it cannot go bankrupt. But the present Socialist administration, which took power a year later, refused to implement that change, to avoid a row with its vital Communist and CGT

The other main Commission condition was that Renault cut its car production capacity by 15 per cent and its truck-making potential by 30 pet cent. Paris estimates that Renault has managed roughly three-Paris estimates that Renault has managed roughly three-quarters of that — though the sides cannot agree an exact figure — which is why the French Government is offering to make Renault repay a quarter of the aid. French officials say the event amount is edited. say the exact amount is still

industry was partly a result of protectionism, which had not issues. The exact length of the transition period and the type Competition Commissioner, including the Inter-Regional Group of Soviet deputies, led among others by Mr Boris Yeltemployees - anti-corruption said yesterday all restrictions interim protection when barriers come down, quoting the vastly superior record of Japacampaigners Mr Telman Gdlyan and Mr Nikolai Ivanov. its existing regulations on Japof monitoring arrangements

SIR Leon Brittan, the EC in the EC car market should be lifted "towards the middle of the decade", and called on members states with restricted markets - explicitly including the UK - to start dismantling barriers, Lucy Kellaway writes

He took issue with Mr Jac-

links with

ques Delors, the Commission President, who had previously said the EC should phase out anese cars over seven years.
"My hope is that we can achieve a single market for cars sooner than that," he said. Sir Leon was addressing the Cambridge City Conservative Association Business Club on

most contentious single-market are being fiercely contested by member states, with countries such as France and Italy which have high barriers against Japanese imports arguing for a transition period of 10 years, while other countries want a shorter period.

Brittan calls for dismantling of barriers to car imports Sir Leon argued that the car industry would need some nese manufacturers on making cars without defects, and on research and development. "If restrictions were totally elimi-nated overnight there could be serious disruption," be said. The backwardness of the

all nationally administered monitoring should stop by

1993, and a subsequent period of transition should be managed by the Commission.

Romanians at odds on Council

By Judy Dempsey in Bucharest

ROMANIA'S new political parties were last night locked in disagreement over the com-position of the Provisional Council for National Unity which will act as a transitional parliament until elections are held in May. Forty-five political parties,

including the Front for National Salvation formed dur-ing the December revolution, met in the Old Parliament.

But the meeting was partly overshadowed by a bitter row at Romanian Television. Mr Aurel Dragos Munteanu, a prominent critic of the Ceau-sescu era who was installed as its head during the revolution, yesterday resigned following accusations that the Front did not give sufficient coverage of the opposition parties or of the youth and student movements.

massive anti-Front demonstration on January 28. The Front, under pressure from the National Peasant Party and the National Liberal Party, the two strongest opposition parties between the wars, last week agreed to form an interim parliament aimed at providing stability and consen-

sus in a country whose popula-tion remains politically disori-ented, uncertain and sceptical since the collapse of the Ceausescu regime six weeks ago. Each political party will have three members on the new Council. However, the Front for National Salvation will have over 90 deputies. Forty will be chosen from the counties, 30 from the Front's old Council and 20 from the

The Front's ability to dominate the Council is now no longer a foregone conclusion, given the enlargement of the Council by 10 ethnic minority groups.

It is also expected that the National Liberal Party and the Personnt Party ribids in december. Peasant Party, which is deeply hostile towards the Front because many of its members

are former Communists, will try and have some say in the

But the Front wants the Government to have more autonomy from the "transitional parliament". Most ministers are Front supporters. Mr James Baker, the US Sec-retary of State who is on a visit to Moscow, may make a twohour trip to Romania tomor row, the first senior US official to do so since the revolution.

Czechoslovakia By Hugh Carnegy in Jerusalem ISRAEL, yesterday resumed full diplomatic ties

Israel resumes

choslovakia and confirmed a significant breakthrough in efforts to open relations with East Germany, as the political benefits of reform in Eastern Europe continued to accrue. The new governments in Prague, Warsaw, Budapest and East Berlin have all moved swiftly to mend relations with Israel, broken off in line with the Soviet Union after the 1967 Six Day Way The transit to Table 1967 Six Day War. The trend is a welcome boost for a Israel, building friendships with previously pro-Arab countries at a time when it is under

pro-Arab countries at a time when it is under pressure in the West, especially from the EC, over its policies in the Occupied Territories.

Yesterday, Israel's Star of David flag flew over the Czechoslovak foreign ministry as Mr Moshe Arens, the israeli Foreign Minister, and Mr Jiri Diensthier, his Czechoslovak counterpart, signed the agreement re-establishing full relations. Hungary did likewise last September, and Mr Arens is due in Warsaw at the end of the month to seal ties with Poland.

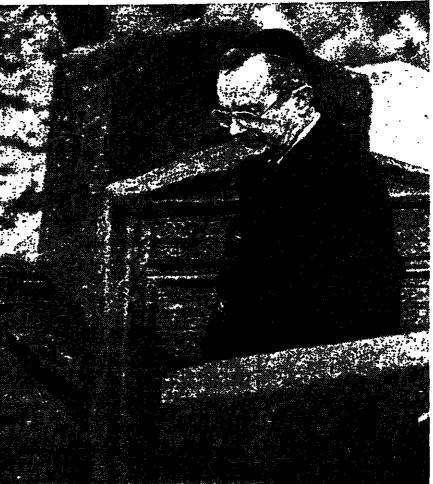
Even more remarkable, given the previous

the mouth to seal thes with Poland.

Even more remarkable, given the previous régime's complete lack of links to Israel, was the move by East Germany. Following preliminary talks between officials of the two countries in Copenhagen, Mr Hans Modrow, the East German Prime Minister, has written to the Israeli foreign ministry and the World Jewish Congress colonsideding a character of representable. Congress acknowledging a share of responsibility for the Holocaust and a willingness to pay reparations to Jewish victims.

The main motives for the quick turn towards

Israel seem to have been a desire to show independence from Moscow-dictated foreign policy and a search for economic help. Right: Israeli Foreign Minister Moshe Arens



Pöhl lists obstacles to DM union

By David Marsh in Bonn

SPORTING his favourite red tie, Mr Karl Otto Pöhi, the president of the West German Bundesbank, came to Bonn yesterday to express his reservations about the government's plan for immediate talks on monetary union with East Germany.

Mr Pöhl, a practised finan-cial diplomat, recited a long list of obstacles to Chancellor Heimut Kohl's idea of possibly introducing the D-Mark into East Germany before the end of the year.

However, in a news conference, Mr Pohl defended himself with aploanb from charges that he is single-handedly try-ing to block the idea of cur-rency union. The Bundesbank would support the governwould support the govern-ment's suggestion and give its advice, he said - adding point-edly: "We will try to minimise the risks."

Emphasising that the finan-cial resources needed to trans-form the East German econ-

omy would be "manageable", Mr Pöhl turned the tables on the Government by accusing Bonn politicians of being "small minded" in their

approach. Mr Pöhl said that the monea "radical change of East Germany's economic structure". It would involve a formal treaty between the two Germanys. introduction of a Western-style banking system, whole-sale tax reform and agreement by East Germany to take over from the West a host of eco-

nomic laws and regulations.
"This cannot happen over-night," Mr Pöhl said, adding that if this happened, it would have "negative consequences" for East Germany itself. He said that if wages paid out by East German state com-

panies (Kombinate) to their workers in East Marks were suddenly transformed into D-Marks, "most would go bankrupt". The Frankfurt-based Bund-

esbank has not concealed in recent weeks its distaste for pressing ahead with monetary union. Mr Pöhl described Bonn's suggestions so far as

Mr Kohl's proposals, made on Tuesday, to offer "immediate talks" on monetary union. This marked a turn from the government's position only a day earlier. It appears to have been sparked off by a dire report on mounting East German social unrest

East German central bank, Mr Pöhl said yesterday he was still under the "impression" that the Government favoured a gradual plan for forging monetary links. Mr Pöhl admits that he has

never had much interest in reunification. In an interview last year he suggested that normalising the East-West German border could take 50

unity. "You can't talk about it for years and then, when the Wall is no longer there, say it shouldn't cost us anything," he said.

Bush 'out of touch' with E Europe

Richard Gephardt, House

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bush has been strongly criticised by con-gressional leaders for "being out of touch" with political changes in the Soviet Union, as Democratic leaders prepare their alternative defence bud-

Mr Bush returned to the White House on Thursday from a tour of Western and Plains states, where he visited military installations. He urged the need for continued vigilance, warning against premature cuts in defence spending.
Mr Les Aspin, Democratic
chairman of the House armed

services committee has said the Administration is "tremendously out of sync with what is seen worldwide as "some kind going on in the world". Mr

By Robert Taylor in Stockholm

banking union yesterday rejected a 12 per cent pay offer from an independent mediator

brought in to resolve the dispute which has seen 50,000 bank employees locked out for

The dispute is adding to the sense of crisis in the country

and an early general election appears to be looming, as the

minority Social Democratic to swallow.

majority leader, has said:
"With freedom ready to ring
from the Kremlin to Prague, with the Communist Party surrendering its power monopoly in the Soviet Union, Americans Bush in Nebraska beating ploughshares into swords?" Mr Bush's cautious response to Soviet changes reflects his concern that US opinion will

become too euphoric. He stresses the need for a strong US defence stance, worried that US force cuts in Europe will be deeper than his revised proposals of 10 days ago, and warning this would be

Swedish bank union rejects new offer

of defeat in Parliament next

week on its wage and price freeze package, which includes a ban on strikes for two years.

Party is the only opposition grouping which might be willing to back the Government, but the cost of its support in

Parliament may be too much

for the ruling Social Democrats

The small, divided Green

THE leaders of Sweden's Government faces the prospect

The Administration is on the defensive on these issues in Congress.

Yesterday, even strongly pro-alliance members of the Senate foreign relations com-mittee were questioning how a ence in Europe could be justified to US taxpayers in view of the reduced Soviet threat. After congress completes

hearings into the changed Soviet threat and the right US response, Democratic leaders will produce their own plan, likely to involve cuts in the overall defence budget below the total requested by the Administration, with substantial cuts in various strategic

A leading Green, Mr Birger

Schlaug, said yesterday that his party would want not only tighter measures on the envi-

ronment, but an acceptance of

the right to strike, and no

wage freeze for low earners. Stoppages could spread, with

local government manual workers pursuing a 12.5 per cent pay claim, while workers

in other sectors may take unof-

Europe accuses US of dumping wheat in Africa

By Tim Dickson in Brussels

would follow developments to see if this was an isolated case, or if it marked the beginning of

specify what he meant.

A spokesman for the US said last night that higher subsidies were justified by higher freight costs for US exporters, the softening of EC wheat prices in recent months (as a result of

THE European Commission yesterday accused the US of dumping heavily subsidised wheat on the North African

In a statement which raises the political temperature ahead of this month's resumption of international trade negotiations in the Uruguay Round, on liberalising world trade, conducted under the aegis of the General Agreement on Tariffs and Trade, Mr Raymond MacSharry, the BC's Agriculture Commissioner, expressed his "deep concern" at recent subsidised cereals sales by the US Government.

In particular, he pointed out that a new deal with Tunisia for soft red winter wheat had been struck at a price 8 per cent lower than that agreed for similar sales the previous

week. This involved 50,000 tonnes of soft wheat to Tunisia at \$130 per tonne, against 300,000 tonnes of wheat priced at \$142 a tonne for China. Mr MacSharry said Brussels

an aggressive new export policy by the US. He said he was ready to take "the necessary initiatives" to protect Commu nity interests on the world market, though he did not specify what he meant.

oversupply in France), and quality differences between the US grain and competing wheat.

Sense of duty softens East German anger

Leslie Colitt finds a new mood in East Berlin three months after the Wall crumbled

A SOFT-spoken has berlin office worker in her 40s, Ms Kerstin Roscher, is one of the dwindling number of East Germans who do not wave flags for Germisses the old régime - she used to criticise its waste and hypocrisy when it was less pol-itic to do so - but because she senses that her life, not uncomfortable as it is, is never going to be the same again. When Kerstin's 25-year-old

son Manfred called last November 10 in the early morning hours, to say that he and tens of thousands of other East Berliners had charged through the Wall into West Berlin, she broke down and wept. But unlike her colleagues, who surged over to West Berlin first thing in the morning to pick up their DM100 (£35) "welcome money", she waited until after work to savour her new free-dom after 28 years behind the

Today, three months later, she and other East Berliners take for granted their weekly stroll on West Berlin's Ku'damm and grumble about the delays at the border caused by guards still stamping pass-ports. The Easterners have adjusted to the new normality as effortlessly as they did to the previous perversity of a

Still, old totalitarian habits system - and to many of its

in the East die hard. Her lesser-known social benefits. department supervisor still frowns on employees receiving telephone calls from the West. But what most angered Ker-stin, and other East Germans, was to see former party and State Security officials receiving "compensatory" payments at their new jobs. She disapproved, though, of the personal abuse and threats

aimed at former officials and their families by revenge-seeking mobs. "We were all part of the system and played a sup-porting role by tolerating it." Recently, one of Manfred's former colleagues at work, who escaped to West Germany via Hungary last summer, visited his old electronics company in East Berlin. He drove up in a hig new Opel and announced that he earned DM2,500 a month as a toolmaker in southern Germany, more than twice the income of the Easterners. Manfred and the others began to wonder what they were still doing in East Ger-many while 2,000 citizens a day

joined the trek to the West. Even Kerstin, who has a comfortable three-room flat near Alexanderplatz, and pays the equivalent of £40 a month, said she was tempted by the abundance of consumer goods. But she felt strong ties to the German Democratic Republic - although not to the political

Even office life had its charms. Kerstin and her colleagues are under-paid, under-supervised employees who always have time for a leisurely chat. The department head never dreamt of criticising them for calling in ill when they were needed by their families or were out shopping for scarce items on office time. This was solidarity - everyone covered up for everyone else. And she

r Werner Glese works as a receptionist at the nearby temporary headquarters of the new Social Democratic Party (SPD), a vast building which was the Third Reich's Propaganda Ministry headed by Joseph Goebbels. Mr Giese, who is in his early Mr Giese, who is in his early solvenily appearance of some of the young SPD supporters. What right did these upstarts have to call for his Socialist Unity (Communist) Party (SED) to be dissolved? Was had democracy? The SED had "democratic roots" in the GDR, although in recent years the leadership had committed inex-cusable mistakes, Mr Giese

It was an insult to claim that the elections last May were a fraud. But he is now beginning to wonder if the Party can win in next month's elections. It given way to warnings that

looked as if "opportunists" were resigning at such a fast rate that the party had shrunk to a core membership of 1.2m "comrades" Wasn't it closer to 900,000 now? I asked. "One million," he corrected me. "But don't

forget that their families also vote SED." Mr Gregor Gysi, the chair-man of the SED, barely looked up from a mountain of paper-work when I walked into his office in the cavernous former central committee building.

The overall situation was extremely "complicated", he noted, invoking the time-honoured Communist code-word for hopeless.

A divorcé who lives with his youngest son, a car mechanic, in a three-room flat in the working-class borough of Lich-

tenberg, he said things were rather chaotic at home while he worked day and night trying to keep the party alive.
The "democratic renewal" which he promised last December was proving very difficult, and it now boiled down to the sheer survival of the party.

He was mentally preparing

to enter the opposition. "An opposition role has great advantages, he said softly. His optimism of only a few months ago that the GDR could maintain a separate identity had

peanised Germany and not a "Germanised Europe".

But what was a Jewish law-yer doing inside this neo-Stalinist fortress, built for the for-mer Reichsbank, and resembling Hitler's Reichs

Chancellery? The Gysi family, which originally came from Switzerland, had "deep Social Democratic roots", he explained. His father Klaus, however, joined the Communist Party in 1931 to help stem the rising Nazi tide. Had his son perhaps been chosen to help democratise the SED because of his Jewish ori-gins? Most of the delegates who chose him at the Party Congress last December did not even know of his Jewish background, he suggested. background, he suggested.

But since his personality played a role, and it was influenced by his Jewishness, he agreed that this indirectly led to him being chosen party chairman. Still, Mr Gysi can conceive of life without the

party. Smiling, he recalled that at secondary school he was apprenticed on a farm as a cattle breeder. It was here in the Prussian heartland that Pflichtbendissisem (a sense of duty)
was instilled in him. "On a
farm you can't say that you
won't milk the cows just because it is Sunday," he remarked with a grin.

NEWS IN BRIEF

Oil begins to wash up on California beaches

GLOBS of black crude oil began to wash onto the beaches on the GLOSS of black crude oil began to wash onto the beaches on the coast of Southern California yesterday, despite extensive efforts to contain a 300,000-gallon tanker spill which occurred on Wednesday afternoon, Louise Kehoe reports.

The American Trader, a vessel leased by British Petroleum, apparently had its hull gashed by an anchor.

Officials said the oil slick was too large to encircle with a boom, so clean-up efforts have focused on skimming the oil out of the water. The Coast Guard is also seeking permission from the

water. The Coast Guard is also seeking permission from the Environmental Protection Agency to use chemical dispersants.

Namibia constitution approved Namibia's future rulers approved a constitution yesterday, removing the last big obstacle to independence from South Africa on March 21, Reuter reports from Windhoek.

The unanimous vote by a constituent assembly stipulated a multi-party republic with a bill of fundamental human rights, an independent judiciary and an executive president who may serve a maximum of two five-year terms. The assembly will meet again on March 20 to elect a president, a post almost certain to go to Mr Sam Nujoma, leader of the South West Africa People's Organisation.

Record W German trade surplus West Germany achieved a record trade surplus of DM134.7bn

(£48m) last year, but economists expect a marked decline in 1990, possibly to around DM100bm, as import demand strengthens at the expense of exports, Andrew Fisher reports.

West German exports have been driven along mainly by surging demand from the rest of Western Europe as industries reequip themselves ahead of the post-1992 internal EC market. Germany's surplus with other EC countries rose by 17 per cent DM94bn, while that with the US halved to DM8.4bn.

Hungary's ties with Rome

Hungary yesterday became the second East European nation to re-establish diplomatic relations with the Vatican, over 40 years after they were broken off by the Soviet administration of the country, writes Nicholas Denton in Budapest. The accord reflects the Vatican's "small steps" diplomacy and the gradual rapprochement of the Hungarian state and the Catholic Church.

Malaysian strike deal

The Malaysian Agricultural Producers' Association, a grouping of estate owners, has agreed to demands from 65,000 plantation workers for a monthly wage, acting Labour Minister, Mr Lee Kim, said yesterday, Benter reports from Kuala Lampur. The workers, at present paid on a daily basis, had gone on strike on January 31. Two days later they were ordered by the Government to call off the strike when Mr Lee referred the dispute to the Industrial Court.

Temple victory for Singh

Indian Prime Minister, Mr V.P. Singh, scored a significant political victory yesterday when he persuaded Hindu fundamentalists to postpone for at least four months their plans to begin construction next week of a new temple at Ayodyha in northern India on land disputed with Moslems, writes David Housego in New Delhi. The Vishwa Hindu Parishad (VHP), the Hindu movement which has campaigned for six years to build the temple on a site now occupied by a 16th-century mosque, yesterday said it was postponing construction.

Eritrean rebels attack

Ertirean rebels have launched a strong offensive against the beleaguered Ethiopian army, cutting the vital lifeline road between Asmara and the port of Massawa, and threatening the emergency famine operation in the drought-ravaged north, writes Julian Ozanne.

"cryptic". He confessed his surprise at

man social unrest. When he was in East Berlin on Tuesday for talks with the

He has now gone so far as to lecture the politicians on their "shabby attitude" towards

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OVERSEAS NEWS

Khamenei | Trading surges raise questions on Japanese stock markets renews Rushdie threat

By Our Foreign Staff

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THE controversy over British author. Salman Rushdie, received fresh impetus yesterday when a senior Iranian leader reaffirmed the "death sentence" passed on him by Ayatolish Khomeini a year ago next Wednesday, Ayatoliah Ali Khamenei, one

of the two cierics who have been in charge in Iran since Khomeini's death last June, declared at Friday prayers in Tehran: "Imam Khomeini's decree about the author of the blasphemous book The Setanic Verses remains in force and

must be implemented."

Khomeini's call to assassinate Mr Rushdie last February was prompted by the novel, widely denounced by Moslems for what they consider offen-sive references to their religion. The author has since

been in hiding.
Ayatollah Khamenei's remarks seemed likely to cause fresh protests in the West at a time of some tension over US warnings of a possible terrorist attack by the pro-tranian Hir-bollah (Party of God) to coin-cide with the 11th anniversary tomorrow of the Iranian revo-lution. On Thursday, the US State Department said it was concerned about a possible ter-rorist attack against US inter-

sts in Western Europe.

Mrs Margaret Thatcher, the
British Prime Minister,
responded to yesterday's Tehran sermon by saying: "The Prime Minister condemns threats of this nature and regrets such threats are made."

• Mr Rushdie is understood to have told friends that he boped his recent efforts to defend The Satanic Verses on literary grounds may have helped upen the hostility towards

Last Sunday the Independent on Sunday published a 7,000-word essay by Mr Rushdie in which he called on Moslems to reconsider the book calmly. On Wednesday of this week, a similar theme was taken up during a lecture written by the author but delivered by play-wright Mr Harold Pinter. Mr Rushdie is believed to have been prepared to deliver the lecture himself but was

AFTER just 18 minutes of trading on the Osaka Securitles Exchange on Thursday, shares in Ohtori Corporation, a textile processor and real estate developer, reached their one-day allowable gain of Y105 (40p), while volume for the day was 1.469m, around 85 times its daily average last

When the market closed for the day, Orient Corporation, the say, Urient Corporation, the leading Japanese con-sumer credit company, amounced that the two com-panies had reached agreement that it would buy 15m shares in Chtori, bringing its state in the company to 51 per cent.

On the record, officials at the archange, the world's secthe exchange, the world's sec-

to be nothing unusual about time increase from Wednesday in-house, while a broker who the day's trading. Off the to Thursday was only seven handled a prodigious volume record, one official laughed when the name Ohtori was mentioned, and the sudden trading surge again raises the question of the credibility of Japanese stock markets.

Japanese newspapers have reported that an OSE insider trading investigation may be conducted into the dramatic Ohtori price and volume movements, but the man overseeing investigations, Mr Yoshihiro Miyazaki, the chief of share trading management, said his first impression is that the interest in Ohtori could have

Trading in the stock became heavy earlier in the week, and Mr Miyazaki said that the volto Thursday was only seven times, and "a seven times increase in ordinary trading is quite possible, so I can't say this is unusual and I didn't link this movement with

insider trading." But an official at the Tokyo Stock Exchange, which, like the OSE, has no record of a proven case of insider trading, said that the exchange is always monitoring price and volume fluctuations, and "gen-erally speaking, if the volume jumps by seven times, this is

Executives of Orient and Chtori have denied leaking information, and say that every possible effort was made to keep the information

handled a prodigious volume of the shares reportedly put the interest down to "individuals apparently encouraged by the good business performance of the company's real estate development operations."

It is true that sudden leaps

in volume and price just before important announcements are not necessarily unusual in Japan. For example, Konami Industry, a computer software maker, experienced a 29 per

cent rise in its share price over six trading days just before an announcement on January 16 of a 50 per cent free scrip

Nissan Nohrin Kogyo, a ply-wood maker, explained that a

jump in volume from a daily average of 61,500 a month earlier to 1.86m shares three days before a new share allocation announcement in November,

was "cyclical". The company receiving the allocation also experienced a sharp increase in volume and

The day before FSK, the country's largest maker of adhesive tapes, announced a merger on September 8, the company's share price rose from Y2,280 to Y2,490, while volume that day was 1,199,000 shares, about 17 times the daily average volume of the same week a month earlier. A few days earlier, executives at Talyo Kobe Bank,

merger with Mitsul Bank to form the world's second-largest bank, denied reports of insider trading.

Taiyo Kobe explained that a dramatic surge in buying followed branch managers' advice to customers to buy shares to broaden the capital ase, and a TSE investigation

has found no wrong-doing. Mr Miyazaki at the OSE, referring to Ohtori trading, said that "there was a case before that a big announcement was coincidentally made at a time of big volume". "We do our utmost to prove

insider trading. We are always telling securities houses that they must be careful. "We do many different kinds

US producer prices show sharpest monthly rise

By Anthony Harris in

A RISE in energy and food prices following the December cold snap caused a 1.8 per cent increase in US producer prices in January – the sharpest one-month rise since records were kept. But rises in prices other than foods and energy were little changed, with an increase of only 0.1 per cent in the month. The financial markets read this as a sign under-lying inflationary pressures are easing, and bond prices rose over half a point on the

The index is expected to fall sharply in February, since energy prices – especially fuel oil – have rolled back with abnormally warm weather this month. Despite the one-month jump - far steeper than the 1.2 per cent analysts had expected year-on-year wholesale inflation, at 5.8 per cent, was below the peaks seen in May and June, when the 12-month rise exceeded 6 per cent.

The underlying rate, once seasonal abnormalities have worked themselves out, is now thought to be about in line with the retail inflation rate of 4.6 per cent. Raw material prices have been rising at much the same rate, so there is little sign at present of any sharp fall of inflation in the next few months, despite softer market conditions resulting from the Federal Reserve's cautious monetary policy.

The Fed is expected to maintain tight conditions, despite or, according to some observers, partly because of – increasing public pressures from the Bush Administration

Bolivian drug lab destroyed

BOLIVIAN and US anti-drug forces have destroyed what they claim was Bolivia's largest cocaine processing labora-tory, John Barham reports from Cochabamba, Bolivia. The laboratory housed about 35 men, all of whom escaped. "There was a clear Colombian connection because it was financed and managed by Col-ombians," a US official said.

Nakasone appeals to the heart and not the head

The veteran of summits now has to be polite to his humblest constituent, Stefan Wagstyl reports

R YASUHIRO Nakasone, the former Jap-anese Prime Minister, bows low to the owner of a roadside noodle shop and goes inside for a cup of tea. The proud veteran of summit meetings with Mr Ronald Rea-gan and Mr Mikhail Gorbachev knows he must be polite to his humblest constituent if he is to make sure of retaining his seat in the forthcoming Japanese

general election.

At the age of 71, Mr Naka-sone should have been able to rely on his supporters to deliver the votes as they have done 16 times since 1947. But the Recruit financial scandal has so damaged Mr Nakasone that even in his home territory of Gumma, north of Tokyo, he cannot afford to take anything

Standing in muddy snow in front of the noodle shop, he tells a crowd of a dozen people: "I need your support. This is my most difficult election in 40 years as a politician." Then he climbs wearily into the campaign van and goes on to the next village, the next stop, the next gathering of vot-

Opinion polls suggest he should scrape home in last place in the four-seat constitu-ency when the vote is held on February 18. But the margin is too close for comfort complacency would cost Mr Nakasone



win, Mr Nakasone answers: "Only God knows." The public prosecutor investigating the Recruit affair, which occurred during Mr Nakasone's premiership, found no evidence against him.

But he has been unable to rebut allegations of corruption levelled by newspapers. Pres-sure from the elders of the ruling Liberal Democratic Party forced him to quit the LDP and become an independent. Recruit has also cast a long shadow over Mr Nakasone's

plans to bequeath his constituency one day to his son, Hirob-umi, who last year won a seat for Gumma in the upper house of the Diet (Parliament), but would gladly exchange it for one in the more powerful lower To compound Mr Nakasone's humiliation, his great Gumma rival, Mr Takeo Fukuda,

and passed his seat on to his The fact that Mr Nakasone has a chance of recovering lost

another former Prime Minister, has just retired at the age of 84

ground in this month's election nighlights bow much Japanese politicians rely on personal loyalty. Outside the big cities, ople tend to vote for a candidate, not for a party. What matters most is the candidate's standing in the district - not his reputation in Tokyo.

A promise to build a new school is more important than a promise on electoral reform. Thus Mr Kakuei Tanaka, who is retiring, never had difficul-ties holding on to his Niigata constituency even after his conviction in the Lockheed

ironically, Mr Nakasone in the past paid little attention to this side of politics. People in Gumma compare him unfavourably with Mr Fukuda senior who never lost the com-mon touch and consistently beat Mr Nakasone in the polls. Mr Nakasone is trying to make up for lost time. Since last summer, he has been touring Gumma, visiting homes, attending meetings, and going to weddings, funerals and par-

He has taken to bowing so w that he is almost horizontal when he greets people -locals joke Mr Nakasone is so eager to please he behaves like a first-time candidate. Mr Nakasone cannot bring himself to apologise directly for Recruit – to do so would sound too much like an admis-sion - but he starts each

TOKYO-VENICE



Nakasone: Now his travels are confined to his constituency speech with the words: "I'm

very sorry for causing you so much trouble." He tries to appeal to voters through their hearts, not their minds. He makes constant reference to his 40 years' service for Gumma. He did not shrink from talking about the death of his sister, whose funeral was held at the first day of the campaign.

Mr Nakasone told voters that his dead sister's wish was that they should support him.

Mr Nakasone is not short of nents in Japan. One of the dis-

full-time staff and hundreds of part-time helpers, who organise meetings, take calls and serve endless tea to visitors to his headquarters. Bottles of sake to reward hard-working campaigners stand along the office walls.

Banners from support groups hang from the ceiling. Outside stands a fleet of 20 white Toyotas complete with drivers. Mr Nakasone faces some of

to the opposition Japan Socialist Party, represented by its general secretary, Mr Tsuruo Yamaguchi LDP candidates have to fight

bitterly over the other three. Lately, the winners have been Mr Fukuda senior, Mr Keizo Obuchi, a former Chief Cabinet Secretary, and Mr Nakasone. There are no free votes in this company.

To make matters worse, Recruit has brought a renegade into the fray - Mr Kunio Sato, a former LDP official, who is standing as an independent campaigning for clean politics in a thinly-veiled attack on Mr Nakasone. Mr Sato stands little chance of winning, but he could take enough votes from Mr Nakasone to let in another new candidate – Mr Kenichi Shiraishi, who represents Rengo, a popular trade union confederation. Mr Shiraishi has no qualms about condemning

Mr Nakasone as "the shame of the Gumma people".

In public, Mr Nakasone puts on a brave face. But the pressure of the campaign is getting to him. Reporters of Asahi Shimbun, the newspaper which has done most to discredit him, are banned from his headquar-

One of Mr Nakasone's relatives, helping with the cam-paign, says: "He keeps quiet about his feelings. But he feels what we all feel."

ANC criticised over response to de Klerk

THE PROSPECT of Mr Nelson wide international acciaim for to unban the ANC. But it The statement reflects grow-described the reform package ing concern among some factors amounted by Mr de Klerk as tions within the anti-apartheid signs of disarray within the anti-apartheid movement in South Africa, which appears to have been caught off-guard by the scope of recent political reforms, Patti Waldmeir and Michael Holman report from

The left-wing Weekly Mail newspaper yesterday criticised the African National Congress (ANC) for its slow response to reforms announced last Friday, which included unbanning the organisation.

The paper's editors urged the ANC to "grah the initiative" from Mr F.W. de Klerk, the

its unbanning by sending exiles home "or it will have a lot of explaining to do ... It will have to tell the international community why it is not responding to de Klerk's posi-tive moves, the Weekly Mail

The United Democratic Front (UDF), one of the largest internal opposition groups, outlined its response to the reforms yesterday, presenting a statement on the issue to Mr Mandela during a meeting at his prison bungalow near the Cape town of Pasal. The statement welcomed

Mr de Klerk said last Friday's measures - which included release of some political prisoners and an end to restrictions on individuals and organisations - were aimed at normalising political activity in South Africa.

But the UDF yesterday con-demned the moves as an effort to "channel (political activity) into a single track of legality, obviously a move intended to flush out the underground with possibly dangerous reper-

movement that Mr Mandel may be willing to preside over a gradual transition to black rule, rather than the more radical path advocated by UDF

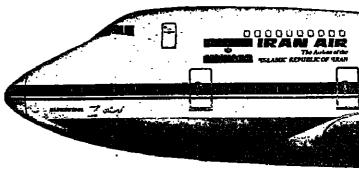
prospect of unity with the Zuln Inkatha movement. Chief Buthelezi yesterday repeated his initial welcome for the reforms, saying he was ready to negotiate with Mr de Klerk.

The UDF also ruled out any

"Politically speaking, Mr de Klerk has burnt his bridges behind him and there is for him no retreat," Chief Buthe

IRAN AIR proudly celebrates the 11th Anniversary of the **ISLAMIC** REVOLUTION

As the Islamic Republic of Iran gains in strength and prosperity so its airline extends to more of the world. Last year we carried 5 million passengers to destinations worldwide. And in mid-Varch KUALA LUMPUR joins our expanding network.





Bougainville secessionist war worsens its air force on stand-by to evacuate Australian and New Zealand residents who have

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remain ce THE civil war being waged by secessionist rebels on the Papua New Guinea island of Bougainville has turned into Australia's most immediate and serious diplomatic and and servous tignomates and military problem, Chris Sher-well reports from Sydney. Yesterday, Canberra was forced to deal with reports that

against the rebels. It is keeping

ignored ministerial appeals to leave the island. An appeal from Papua New Guinea for more aid is prompting suggestions that existing Australian assistance, at around A\$300m (£134m) a year, is misplaced and misused. Mr. Gareth Evans, Australia's For-eign Minister, yesterday conmercenaries were flying Anstralian helicopters as gunships

firmed that Papua New Guinea

troops had fired from Austra-lian-supplied Iroquois helicop-ters in a clash north of Arawa, the Bougainville capital.

The clash, said to have left

up to 20 rebels dead, was the worst since the current trou-bles flared in November 1988. An estimated 100 people have now died.

Canberra supplied four Iro-quois helicopters to Papua New Guinea's armed forces

were not fixed to them. But it was recognised soldiers on board could use their weapons if attacked. It was acknowledged that Papua New Guinea, with no pilots of its own, would have to use outsiders.

Australia's response reflects its fears of being sucked into a neighbour's internal conflict. Papua New Guinea has con-fronted secessionism on Bougainville before, but the latest

White House seeks to embrace Fed

But strong differences have been underlined, Peter Riddell writes

THE Bush Administration has decided the best way of pub-licly influencing the Federal Reserve is by embracing it assuming they share the same goals, in the hope of nudging it in the desired direction. Yet important differences of objec-tive have been underlined over in his introduction to Tues-

day's Economic Report of the President, Mr Bush said he strongly supports "the Federal Reserve's goal of non-inflationary growth, and shares with them the conviction inflation must be controlled and reduced in a predictable fash-

So keen are both sides to avoid the appearance of open conflict that when two weeks ago Mr Marlin Fitzwater, White House press secretary, breached the usual Administration silence and urged lower interest rates, Mr Alan Greenspan, Fed chairman, denied any pressure. In a remark which caused much amusement to his Congressional audience, Mr Greenspan said the White House was merely

suggesting lower interest rates were preferable to higher rates. The real position is less bland, but equally it is less bloody than headlines about "splits" and "rows" suggests. Mr Greenspan is on much bet-ter terms with key economic officials than his predecessor, Mr Paul Volcker, was in the early 1980s.

Mr Nicholas Brady, Treasury Secretary, recently explained that his weekly meetings with Mr Greenspan were "vigorous and very often include differences of point of view".. Whatever the short-term dis-

putes about the timing and extent of interest rate changes, the key difference, as explained by Mr Brady, is that the administration probably has a bias towards growth, greater than that of the Fed. At the same time, we keep a weather eye on inflation, and I think the reverse is probably true of

the Fed". The contrasting priorities have been brought out by the reactions to the proposal by Democratic Congressman Step-hen Neal to give the Fed the formal goal of eliminating inflation in five years. This aim has been endorsed by Mr Greenspan and by the presi-dents of regional Fed banks, though they have varying views over the size of the transitional costs in terms of lost output and jobs.

The Administration disagrees with the idea of a fixed timestable independent of the state of the economy, which, it believes, is too inflexible. Mr Michael Boskin, chairman of the council of economic advisers, stresses instead the need to sustain long-term credibility

for policies. The Economic Report warns of the danger that announcement of an intention to lower the inflation rate over a specific period might not be viewed as credible, so prices and wages would rise as before

but restrictive policies would push up unemployment. Significantly, the report says the main aim of Administration policy is to achieve "the highest possible rate of economic growth", with containgoal. Mr Boskin fairly points out the US expansion has been sustained for eight years without a significant acceleration of inflation. At present, for instance, the Administration is forecasting,

without too much concern, that the inflation rate will remain around 4 per cent for the next three years, a level thought unsatisfactorily high by most Fed policymakers. In practical terms, this

means that, while the Fed will seek to lower the inflation rate further, the Administration is more concerned about getting the growth rate back up to per cent a year, as long as inflation does not rise to 5 per cent or more, and preferably edges down a little.

The debate comes down to a familiar choice between being willing to accept an inflation rate of, say, around 4 per cent as the price of sustained growth, and fears that such a rate remains economically damaging and could reacceler-

GEC is given go-ahead to buy Ferranti offshoot site subsidy

BRITAIN'S General Electric Company was yesterday given the go-ahead by the Government to acquire the radar busi-ness of Ferranti International, the troubled defence and electronics group, in spite of con-cerns that the merger would reduce competition in the

defence electronics market. Mr Nicholas Ridley, the Sec-retary of State for Trade and Industry, decided not to refer the £310m acquisition to the Monopolies and Mergers Commission because competition concerns were outweighed by considerations of public inter

est. The decision was expected.
The Department of Trade
and Industry said in a statement yesterday that, in accordance with advice from Sir Gordon Borrie, the Director-General of Fair Trading, Mr Ridley "has concluded that, on this occasion, the public interest would be better served by not referring the merger to the

Sir Gordon's advice is under-stood to have been heavily influenced by representations from the Ministry of Defence, which is Ferranti's principal customer, that the merger should be allowed to proceed.

The MoD was concerned that Ferranti might lose an important contract to supply radar for the European Fighter Aircraft if the merger were delayed. In the past, the MoD has tried to prevent GEC from acquiring more defence businesses on competitive grounds. Ferranti was forced to sell



Nicholas Ridley: "public interest" proved decisive

the heart of its business, after Britain's partners in the EFA project voiced concern that its finances would not have allowed it to shoulder the cost of developing the radar after a hole appeared in its balance sheet. That followed the dis-covery of an alleged £215m fraud at the group's Interna-tional Signal and Control sub-sidiary.

Separately, Ferranti disclosed yesterday that the dis-posal of its radar business and its Italian businesses would boost net assets by about

In a letter to shareholders, Ferranti said net assets at the end of March 1989 would have been £395.9m if the disposals had been in effect then, instead of the £194.4m reported.

Overseas banks win **High Court tax case**

By Raymond Hughes, Law Courts Correspondent

BANCO DO BRASIL, Brazil's as a hank, which had been crelargest bank, and the West German Commerzbank have won a High Court dispute with the Inland Revenue over their claims for double taxation

As a result, Commerzbank is entitled - subject to any Revenue appeal - to repayment of about £4.3m UK corporation tax and Banco do Brasil to

est payments received by the banks' London branches on loans made to US corporations

between 1973 and 1976. The Revenue's refusal to grant the banks relief from UK corporation tax on the interest was overruled by tax commissioners, who held that the banks were exempt under the 1945 UK-US double taxation

In the High Court yesterday Mr Justice Mummery dis-missed the Revenue's appeal against that ruling.

He said the interest was liable to US tax and also to UK corporation tax — subject in each case to the convention. Each bank had claimed exemption from UK tax.

Article XV of the convention provided that dividends and interest paid by a US corporation were exempt from UK tax except where the recipient was a UK citizen, resident or corpo-

The dispute concerned was over whether the exemption applied if the recipient of the interest was the London branch of a corporation, such

ated or organised under the laws of a country other than the US or the UK — such as the Federal Republic of Germany or Brazil.

The judge said the wording of Article XV was clear. It exempted from UK tax all interest paid by US corporations, except where the recipi-ent was a UK citizen, resident or corporation, which Banco do

In effect, the judge said, the Revenue was seeking to expand the exception so that recipients other than those expressly mentioned in the article were not entitled to the

He said that any surprise that it could be held that a German or Brazilian bank could claim exemption under a UK-US convention was sub-stantially lessened by the fact that the exemption in question was a limited one, applying only to dividends and interest that had a source in either the

UK or the US.

Although neither bank was a
UK or US corporation, elements connected to the UK and US were present in both cases the interest was paid by US corporations and the recipient in each case was the London branch of the bank in the UK,

the judge said.
The 1945 double taxation convention has been replaced by a new convention which took effect from 1976, from which the Article XV exemp-

allegation of Toyota

By Lucy Kellaway in Brussels and Richard Tomkins in Birmingham

THE EUROPEAN Commission said yesterday it was looking into allegations that the £700m car plant being built in Derbyshire by Toyota, the Jap-anese car company, had received a hidden subsidy.

The allegations have been distributed widely to the commission, the media and other parties in an anonymous letter claiming that Toyota was get-ting the land for the plant at a price far below its market

The letter says Derbyshire County Council is proposing to sell the 580-acre site for the plant for £18.3m. It claims that the true market value of the land is between £75m and

Chartered surveyors yesterday expressed surprise at the value claimed for the land, saying it was based on a false extrapolation of the price a single acre would fetch.

Mr Tony Taylor, industrial partner at chartered surveyors Grimley J. R. Eve, said: "A major discount to allow for the sheer size, period of develop-ment, interest charges and so on would be necessary to achieve any sale. I am not sur-prised at the sale figure of

The Department of Trade and Industry said it been kept fully informed of the details of the transaction and was "per-fectly satisifed" with the land valuation. It added: "As far as we know, the European Com-mission is perfectly satisfied,

Councillor David Bookbinder, Labour leader of Der-byshire County Council, said the allegations were part of a campaign of disinformation over the deal. "We have abso-lately nothing to hide," he

In theory, the commission has the power either to stop the deal or to force changes upon it if it finds traces of illegal subsidy.

Forward Trust shake-up will cost 170 jobs By David Barchard

FORWARD TRUST. land Bank, is to close 13 of its 32 business centres and shed 170 jobs from its workforce of

2,000. The moves are part of a restructuring of the company, which provides large loans to individuals and small busi-

It intend to split its different lending activities into six divisions and expand its central operations in Birmingham, where 130 new jobs will be created. That will leave a net

loss of 40 jobs. Motor finance and asset finance are to become separate operations, modelled on two existing divisions, Griffin Factors and Concord Leasing. Mr Graham Picken, managing director of Forward Trust, said that each division would have the resources and the authority to ensure its own

Trust would try and find alter-native jobs for the 170 redundancies, either within the company or elsewhere in the

EC to check | Labour struggles to exploit poll tax anger

Philip Stephens on the party's attempt to find a practical and popular substitute charge

HE POLL tax, or com-munity charge, may turn out to be one of the Government's most costly political mistakes – if the Labour Party manages to

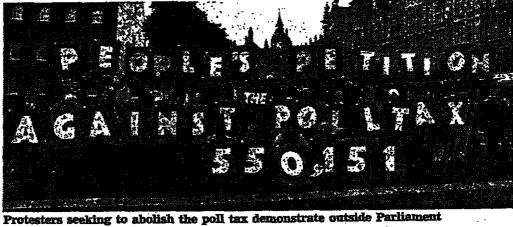
exploit it.

It is not only the dissident or faint-hearted Conservatives at Westminster who await the introduction of the tax in England and Wales on April 1 with a sense of gloomy resigna-tion. It was introduced in Scotland last year. One firmly loyal member of

the Cabinet commented this week that unless another large dice of the Treasury's diminishing budget surplus was handed over to local authorities next year, the poil tax might cost the Government up to 20 seats in the general election due by June 1992. As Tory shire counties amounce plans to set the tax

at levels far above those promised by the Department of the Environment, the message from government supporters is that attacks on "loony left" Labour councils are not enough to defuse the issue. Labour Party strategists, however, realise that the unpo-pularity of the tax will not of itself guarantee votes for Labour – it has to offer a prac-

tical and popular alternative. So far it has fumbled the chance. It has acknowledged that a Labour Government could not bring back the old rating system, but its first stab at an alternative — a dual local property and income tax sys-



tem - had to be abandoned as quickly as it was conceived. Mr Neil Kinnock, the party leader, realised that the Gov-ernment's claim that Labour would make voters pay two taxes instead of a single community charge was too potent an attack to risk during a gen-

eral election campaign.
Yesterday, Mr Bryan Gould,
the shadow Environment Secretary, sketched out the principles behind the party's latest
scheme. He stuck to generalities pointing to continuing ties, pointing to continuing tension within the shadow Cabinet about how far the party should commit itself at this stage. However, confidential papers

circulated among its key mem-bers outline in some detail the system as now proposed.

Assuming that a number of

technical details are resolved over the next few months, Mr Gould expects the scheme to be ready for approval at the party conference in the antumn. What Labour plans is not a pure property tax along the lines of the rates. Instead it is

suggesting a local tax linked both to the capital value of property and to incomes which, like the poll tax, would be payable by individuals rather than households. The papers suggest that it will work as follows, although the figures used are purely

The local anthority would set a standard rate for the charge of, say, 0.5 per cent, so the owner of a house valued at £100,000 would be liable for an annual charge of £500. But that

principal resident but to every-one in the household earning above a set income threshold. So a husband and wife each earning above, say, £10,000 a year would both pay the £500. Conversely, if either or both incomes fell below the threshold, their liability would be

scaled down. Because the tax would be administered by the Inland Revenue, those not earning enough to be liable for income tax would be similarly exempt

from the local tax.

Labour believes that the link both to income and to capital-values would answer one of the main criticisms of the old rating system - that a family of perhaps two or three who each had substantial incomes paid the same amount as a n

with a much smaller income. Party strategists are also confident that by restricting the tax to those already liable the tax to those aireacy liable to income tax, they can rebut the charge that Labour would create a vast army of "tax snoopers." No more information would be required from the vast majority of people than already available through the PAVE system. the PAYE system.
Mr Gould is confident that

the capital value of individual properties can be established by the Inland Revenue under a system subject to periodic reviews as occurred under the rates. It would be an enormous task, but Labour will argue that it would be less bureau-cratic and less intrusive than the poll tax.

Mr Gould and his colleagues, however, have yet to resolve a number of difficult issues. Rented accommodation, for example, would have to be assigned a notional capital value - not so easy in innercity council estates.

What is more politically ser sitive, Labour has yet to decide whether scaling down the stan-dard charge for those on low incomes should be mirrored by a scaling-up for people on high

Until such issues are resolved, the Conservative counter-attack - Mrs Margaret Thatcher has already dubbed Labour's scheme as a "roof tax" - will blunt the electoral advantage Mr Kinnock is con-vinced that the poll tax should

Computer hacking bill passes first hurdle

A BILL to outlaw computer hacking and the damaging of computer programmes by "viruses" placed into software received all-party support as it cleared its first hurdle in the Commons yesterday.

The Computer Misuse Bill, based on recommendations by the Law Commission, makes it an offence to attempt to gain unauthorised access to computers, punishable with up to six months' imprisonment or a maximum fine of \$2,000.

it also proposes making damaging the contents of a computer's memory an offence, punishable with up to five years in prison.

The backbench bill was introduced by Mr Michael Col-

vin, the Conservative MP for Romsey and Waterside, who

urgently since hacking was estimated to cost industry between £400m and £2bn a

The UK lagged behind other Western countries in introducing laws against computer misuse. Unless that was corrected, Britain might become a "hacker's haven," he said. The bill was aimed at protecting the integrity of computers rather than the confidentiality of the information stored

Open access to computers was needed if they were to be used to their full potential, and that was hindered by fear of

hacking, he said. Mr Douglas Hogg, an Indus-try Minister, said the Government fully supported the bill. Apart from the financial losses

could endanger lives if air traffic control systems or hospital records were tampered with.

He said the bill would close gaps in the law. The Malichous

Damage Act only covered damage to physical property, not computer-stored data. Creating the offence of unauthorised access to commit other serious crime would enable a prosecution to be brought when the offender was

caught at an early stage of hacking, such as trying to discover a computer password.

But he resisted calls for the police to be given increased powers of search to enable the bill's proposals to be enforced effectively.

This would only be considered if experience showed there was a compelling need

servative MP for Devon West and Torridge - widely acknowledged as the first parliamentarian to campaign for new laws on computer abuse said hacking had increased since open network interconnectors were introduced in

Miss Emma Nicholson, Con-

She said the bill should be extended to cover electronic eavesdropping and the strengthening of the admissibility of computer evidence in

CORUEL Barciays Bank, local authorities and hospitals had been victims of hacking in the UK, while in the USA there had been cases of hospital drug prescriptions being altered in an attempt to kill patients. The bill was given an unopposed

Student loan scheme will go ahead

THE Department of Education said last night it was "pressing ahead" with the student loan scheme after apparently reject-ing an offer from university vice-chancellors to take over the scheme's administration,

writes Jimmy Burns. Yesterday the Committee of Vice Chancellors and Principals proposed that the present system of grants should be scrapped and that grants should be assessed against parental income and take account of regional differences. The committee wanted taxes on graduates to relate to the monetary benefits that accrued from obtaining a degree and not to the cost of providing

Mr John Ashworth, vice-chairman of the committee, said last night he was very concerned that the Government's scheme would undermine universities' ability to recruit pupils with parents in lower income groups.

Broker loses appeal

MR Geoffrey Mason, 43, a West Midlands insurance broker, yesterday lost his appeal against a 3½-year prison sen-tence imposed for stealing cli-ents cash. Three Appeal Court judges rejected his claim that the sentence was excessive.

Mr Mason, of Coppice Rise,
Quarry Bank, Brierley Hill, a
fellow of the Life Assurance

Association, admitted seven counts of theft last year. After obtaining an agency with the Standard Life assurance group in 1983, he was alleged, over a four-year period, to have stolen more than £170,000 from investors and to have issued bogus policy documentation to them.

The broker insisted he had not profited: the cash had gone to other clients. Lord Justice Watkins, sitting with Mr Justice Rose and Mr Justice Pill, heard that Mr Mason had been frank with the police. The broker had been brought down by ker had been brought down by incompetence and ill-fortune. Mr Justice Pill said Mr Mason had continued in his dishonesty in spite of a court appearance in March 1988 and

Sentence reduced

conviction for theft.

A FIVE-YEAR prison sentence on Ms Alison Anders, 31, an accounts clerk jailed for her part in an attempt to defraud Britoil of £23.3m, was cut to four years in the High Court of Criminal Appeal in Edinburgh vesterday.

yesterday.
At her trial last September she admitted attempting to defraud her employers of \$23.3m by transferring a pay-ment to a Swiss bank account by forged documents.

Lord Hope, Scotland's Lord

Justice General, said it was

proper to recognise the extent to which Ms Anders had co-operated with the authorities after her arrest.

He said her assistance had helped in the conviction of her co-accused, Mr Royston Allen, 36, a company director.

North-east boost

DEMAND for executives by companies in the north-east has risen sharply in the past year, InterExec. a career consultancy, said yesterday.

The demand for executive

Consortia picked to tender for Skye link

chosen to tender for the con-cession to build a privately financed toll bridge between the mainland and the Isle of

It will be the first private-sector bridge in Scotland and only the second in Britain. The three consortia are: Miller Construction of Edin-burgh, in a joint venture with Dyckerhoff & Widmann of Munich; Morrison Construc-tion of Edinburgh; and Trafalgar House Offshore and Struc-

Trafalgar House, which is currently building a privately financed toll bridge across the profitability.
Mr Picken said that Forward River Thames, is among several groups bidding to build a new crossing for the River Severn which is expected to be a privately financed hridge Continental companies, keen to break into what they believe

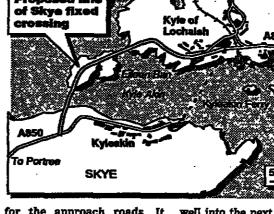
will be a growing market for private infrastructure projects in the UK, were also among the bidders for the Severn crossing and for a privately financed high-speed rail link between London and the Channel tun-

engineering group are to part-ner British Rail in building the high-speed link, provided the line can be justified financially and gets the backing of Parlia-

Kyleakin strait to Skye.
The cost of the bridge is now put at about £15m, with an

Trafalgar House and BICC

Six companies originally bid to build the Skye crossing, which will involve building a 300-metre causeway or bridge between Kyle of Lochalsh, the town on the mainland, and the small island of Eilean Ban, and a 550-metre bridge across the



should be complete by 1994. The Scottish Office told High-land Regional Council that it could not envisage paying for a bridge out of public funds until

well into the next century.

Of the designs put forward
by the three consortia, Miller is proposing a box girder bridge, Morrison a cable stay bridge and Trafalgar a steel bridge.

meeting was brought back

from Washington yesterday by British officials who have been

attending the Intergovernmen-tal Panel on Climate Change in

Washington. The meeting will be under the panel's Energy and Industrial Group, which is

chaired by Japan.

The science group of the IPCC, which is chaired by

Britain, has reached a consen-sus that confirms the threat of

global warming but says sea level rises might not be as high

Chance for scientists to bury the hatchet

David Fishlock on the compromise over changes to the running of research councils

HE GOVERNMENT'S acceptance of proposals for streamlining the management of Britain's five research councils has raised hopes that scientific minds will cine competition for a bigger share of the £900m science budget, and refocused on scientific

Sir David Phillips, chairman of the Advisory Board for the Research Councils (ABRC), has proposed that the board be given some executive powers over the councils and that it be smaller - shorn, for example, of all but one of Whitehall's

chief scientists. The Government has agreed and is making Sir David, an Oxford professor of biophysics, the full-time chairman of the slimmer ABRC - whose move away from a purely advisory role may bring a change of name. Its new remit will be "to improve co-ordination and joint working among the research councils," and the Government will announce shortly the names of its mem-

bers.
The research councils became preoccupied with survival in an era of extensive restructuring during the 1980s, as the Government sought to have research programmes realigned with national economic aspirations.

Lacking any more sensitive seek ways of improving farm

management mechanism that Government sought change primarily by withholding funds. That led to friction between research councils as each fought to make its own case to the ABRC for special

This large, cumbersome body found ways of reaching decisions in the absence of the research council chief execu-

weakened their own case – for example, last year the Medical Research Council sought £50m to move its clinical research centre eight miles from Harrow to Hammersmith. The Prime Minister questioned why it needed to move nearer the centre of London. The MRC has been obliged to settle for a cheaper solution in which clin-ical research will be spread among several hospitals. Another contentious issue was whether the Agriculture and Food Research Council and the Manual Environment

and the Natural Environment Research Council should merge - a move backed by the former, opposed by the latter.

The two councils had felt the Government's desire for change most keenly. Both had been criticised for research programmes that were out of alignment with national needs the AFRC for continuing to

RESEARCH COUNCIL BUDGETS (£m) 1989-90 %rise. 1990-91 85.91 74.57 Agriculture and Food 36.01 185.71 32.02 178.34 Economic and Social 5.3 9.5 8.3 Science and Engineering production while European food mountains grew, and the NERC for programmes that would not help the environstealth. Whitehall recognised

Such contentious issues lay behind last year's report from Dr Dick Morris, chairman of Brown and Root (UK) and the board's deputy chairman, which began as an internal ABRC study to see if there was a better way of managing hard times by realigning the biological activities of the research

councils.
Dr Morris and his team concluded that the 23-year-old research council structure was out of date. The committee went well beyond its original went well beyond its original brief, in proposing a national research council, with execu-tive powers, and six science divisions, including one spe-cialising in biology and envi-ronmental sciences.

Many observers felt that the

Morris report's argument were compelling, until the question

of how to implement the

change was addressed. Dr Mor-

ris hoped it could be done by

that it would require legisla-tion, and thus at least a two-The implication was that that would leave British sci-

ence in a state of uncertainty until the next election, a situa-tion the Prime Minister was not prepared to countenance.

Another twist was that medical scientists - notably the Nobel prize-winning team of biologists at Cambridge University - vehemently opposed the loss of autonomy implicit in the plan.

The Government's decision is a compromise in which the science budget will be adminis-

tered by a more authoritative

managing body than the present ABRC but less powerful than the National Research Council envisaged by the Mor-ris report. Essentially, it will still be advising the Secretary of State how the science bud-get should be divided up. Sir David has told Mr John MacGregor, Secretary of State for Education, that the new ABRC will "go a very long way

towards overcoming the co-ordination difficulties which presently arise." The new board will examine issues such as whether the AFRC and NERC should merge

and whether the Science and Engineering Research Council, which takes half the science budget, should be split into "core sciences" — the basic sci-ence disciplines — and engineering sciences.

The whole issue of core sciences, which was once the exclusive preserve of the SERC, has become contentious with the rapid rise in importance of the biological sciences. As the Morris report points

As the Morris report points out, biology pervades four of the five research councils and accounts for 43 per cent of the science budget.
The new management board starts life on April 1, inheriting the latest decision of the outgoing board on how an extra £73m for science in 1990-91 is to be apportioned among the five research councils. NERC is the

higgest beneficiary with £30m, followed by SERC with £26.7m. The MRC budget increases by less than £10m. Although the Government is making no secret of the fact that while "green" issues are the focus of the extra science spending, important research projects in human health and welfare in neuroscience, for example are not being funded.

London will host meeting to study global warming

AN INTERNATIONAL meeting aimed at accelerating progress on developing a convention to combat global climatic warming — the greenhouse effect — is to be hosted by the Government in London in May or early June. Scientists and civil servants

will explore topics such as carbon taxes which could be levied on fossil fuels according to the amount of carbon dioxide they produce. They will consider how to apportion targets between various countries for emissions of carbon dioxide from fossil fuels. Carbon dioxide is the main contributor

as originally feared.

The report, to be delivered in the summer, will confirm that a doubling of carbon dioxide towards climate warming.

The decision to hold the

a dominate to a warming of 2 to
4 degrees centigrade. Pollution alert considered

NEW controls over water quality including an "amber warning" system to alert the public to the threat of river pollution are being considered by the National Rivers Author-The warning would be issued when any sewage works or industrial plant was approaching the permitted level of discharges into rivers.

The NRA would warn the company that it was in danger of heading its permit and

of breaching its permit and

By John Hunt, Environment Correspondent to bear for action to be taken. to bear for action to be taken.

A system of automatic monitoring is also being considered.

Another proposal is for overall quality levels to be set for a stretch of river.

The NRA presented its proposals to a meeting of industrialists and environmental organisations in London yesterday. It is hoped that the

terday. It is hoped that the final proposals will be presented to Mr Chris Patten, the Environment Secretary, in April and a new scheme implemented by the end of the vear,

posts was 43 per cent higher in 1989 than the previous year and 25 per cent higher than the

UK NEWS

loss top-up fund

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THE STOCK Exchange is on the verge of proposing a com-pensation fund to replace the one it scrapped 18 months ago, when the Financial Services Act's compensation scheme came into force.

The proposed voluntary fund is designed mainly for indepen-dent, private-client stockbroking firms that want to offer greater reassurance to their ustomers than is provided by the FSA scheme, which pays out a maximum of £48,000. The Stock Exchange's "top-up" fund would cover losses of at least £250,000 above that, taking the total cover to almost £300,000. Payments would be made when stockbro-

kers covered by the scheme went into default. Firms that opted to join the fund would carry the Stock Exchange endorsement on their stationery, in the same way as travel agents covered by the travel industry's com-pensation scheme display the Association of British Travel Agents (Abta) logo. The exchange's earlier fund, set up in 1950, met 5,000 claims, pay-

ing out 16.5m in total. Letters will be sent next week to the 400 stockbroking firms around the country set-ting out proposals for the scheme. About half are expected eventually to apply.

The fund is the idea of small, independent stockbroking firms, which fear that confidence in them may have

waned since the exchange's

previous fund - which also

provided £250,000 cover - was dissolved. They fear they are

with retail brokers such as Barclayshare, whose names bring with them an assurance of financial security.

Also, unlike the mainly insti-tutional broking firms bought out by banks or other large financial groups after the Big Bang in 1986, they lack the hacking of a strong reserved.

hacking of a strong parent.

Mr Philip Angel, a member of the exchange's regional committee, said small brokers had come up with the idea because the large firms that dominated the exchange "are not in the same kind of [private client] business" any more. However, he said that the exchange had given full support to the idea and was prepared to endorse the fund.

The Stock Exchange confirmed yesterday that it would write to members next week setting out several options for a new fund.

Mr Andrew Hugh Smith, chairman of the Stock Exchange, suggested nearly a year ago that the exchange might develop a top-up

The intention is to provide cover only for agency brokers, not market makers. Cover would be higher than £256,000 in cases of misappropriation by a broker — the earlier fund paid out up to £500,000 for that type of loss.

The fund would be backed

by insurance for the higher levels of cover. The "excess" which firms would have to meet would be met out of a fund created from contributions by firms in the scheme.

Stock Exchange | Mrs Thatcher's 'official source' goes on the record

about to propose | Hazel Duffy explains how the Prime Minister's press secretary has carved a place in the history books



Bernard Ingham with Mrs Thatcher: stepping into the limelight

R BERNARD INGHAM, the of under-secretaries. Prime Minister's press service tary, stepped into the lime-tary, stepped into the limelight this week to accuse journalists of always looking for conspiracies and to concede that the government information services were not endowed with "papal infallibility."

It was a rare public speech from a man who is often seen by Mrs Thatcher's side, but seldom heard in person - his words are generally conveyed to the public as coming from "Downing Street," "official sources," or even "Whitehall insiders."

Mr Ingham has presided over the press office at 10 Downing Street for 10 years and has been involved in more controversy than any previous holder of the post — drawing fire from Tory backbenchers as well as the Opposition.

For nearly a year he has also been head of the Government Information Service (GIS), a role that has been much less in the public eye. His legacy there may be more significant for the few hundred information officers in Whitehall and the provinces than anything he has done for Mrs

GIS has concerns similar to other parts of the Civil Service. For example, the private sector poaches some of its best people — six chief press officers went last year. Press officers have additional difficulties: they are frequently maligned by the press, looked down on by ministers and other civil servants and kept in the dark about what is going on. Some feel a conflict between the job of informing the public and conforming to the natural desire of ministers that information officers should share their enthusiams for their depart-

There is another divide in hierarchical Whitehall. Some departmental heads of information come from the main body of the Civil Service; in their jargon they are "administra-

Such people are most likely to return to the mainstream of the Civil Service partly because they can earn more there and achieve higher status - the top grade for information offi-

Mr Ingham, a former journalist, is in favour of these exchanges. After an information officer at the Prices and Incomes Board for a short time -"I was told it would make me a better

iournalist ' He stayed on, working for Mr Tony Benn, now a frequent critic of Mr Ingham, at the Department of Energy. With Mr Benn's encouragement he elevated the status of the job, some-times getting in on to the first stage of policymaking.

Mr Ingham wants to make the role of information officer more of an acknowledged profession. That means largely recruiting young people with-out much experience, assessing their potential, training them in communications and management and develop-

ing a proper career structure.

Mr Ingham has never shown distress at being the object of criticism in Parliament and the press. The job is "a channel for dissetsfaction for the invitable transless between growths." the inevitable tensions between government and the media. I have to act as a lightning conductor to some

Seen by some as a bit of a bully, he simply says "a lot of people need an ogre in their lives, it is a perfectly natural, human requirement." His staff at No 10, treated to a visit to his native Yorkshire last autumn to celebrate Mrs Thatcher's 10 years, are loyal and shrug off the bully image as something got up by

He is equally dismissive of the suggestion that it can be difficult to draw a line between the communication of government policy - the job of the information service - and the justification of that policy, which is the job

of the political party.

For example, Mrs Thatcher is faced with continuing pressure on the political - unpopular with the public and

even some Tory MPs.

Mr Ingham says: "Frequently, you have to go back to basic routes. What is the real justification for a community charge? A more democratic way of controlling expenditure by local

As Mrs Thatcher's press secretary Mr Ingham has carved a place in the history books that not even Joe Haines, who was part of the Harold Wilson team, quite managed. "I do not flatter myself that I am good publicity on my own account, it is for the Prime Minister," says Mr Ingham. "I do not enjoy it because it is a distraction one can do without."

He has been careful not to let a gap open up between the media and the Government, as happened in Wilson's second term. The fact that some newspapers have withdrawn from unattri-butable lobby briefings has not led to the disintegration of the lobby sys-

Once a week, on Monday evenings, he meets the heads of information to plan the news flow from their departments. His critics accuse him of mani-pulating the news. "How dare they? Newspapers are the biggest manipula tors of news," he says, adding that stories in the morning papers might bear little resemblance to the briefing. However, he does not criticise the media. In 10 years, his objectives have

not changed, he says, but the job is livelier, and more international. From the Civil Service's point of view, perhaps the greatest criticism levelled at Mr Ingham is that he has worked for Mrs Thatcher as though he was a member of her political staff and not an impartial civil servant. Theoretically, he should be able to serve Mr Neil Kinnock, if he should

be prime minister. On that one point, he acknowledges that he could not. "I am a professional It is for me to represent what the government is doing, but the fact is it would not occur." He points out that no prime minister's press officer has ever gone on to serve a prime minister of a different party. He will be 60 - the official retiring

age for civil servants - in 1992, which is the end of Mrs Thatcher's current five-year term. He already has a part-time honorary appointment lined up at Newcastle University, researching how governments communicate.

What about writing? He replies, per-fectly seriously: perhaps "a manual on the Government Information Ser-

BR to launch instant fines on two routes

BRITISH RAIL is to introduce . on-the-spot fines for nonpayment of fares in the sum-mer on two of its lines in the Network SouthEast area of

Ticket inspectors will be given power to levy £10 fines on passengers on the Reading-London (Waterloo) line via Staines and the Southend-London (Fenchurch Street) line via Basildon who have incorrect tickets or are travelling

without tickets.

The right to levy instant fines scheme.

Mr Mike Patterson, secretary of the Central Transport Convate member's bill which completed its parliamentary stages recently. BR will install new ticket

machines at stations on the two lines before it applies to Mr Cecil Parkinson, Secretary of State for the Transport, for permission to go ahead. BR said the scheme would be adopted on all trains in Network SouthEast if the experion whether to adopt it on trains throughout Britain. BR loses an estimated £50m a year through fare-dodging, most of it as a result of uncollected fares on Network

A similar scheme has be operating on the Docklands Light Railway in east London for more than a year and London Transport is seeking per-mission to run an on-the-spot-fines scheme

government-appointed watchdog, said: "We have consulted extensively with BR about the instructions which will be given to ticket collectors and the wording of signs, and we think they have got it about

He added that it was essential for BR to provide adequate facilities for passengers to buy tickets in time to catch trains.

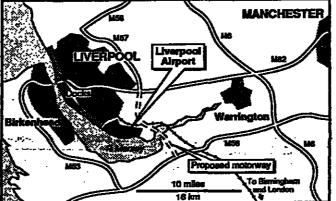
BRITISH Aerospace is negotparking capacity. RAe believes that environmental pressures and lack of space for additional iating with Liverpool City Council to lease land for the creation of a £1.2bn airport outrunways will eventually limit side the city. The move, a sig-nificant change of direction for the growth of Heathrow, Gatwick and Manchester airthe company, follows the com-plation of an 18-month feasibil-ity study.

BAs wants to construct an ports. It argues that unless an interlining airport (for changing between airlines as well as between flights) is constructed,

airport capable of handling such business will be poached 40m passengers, or 200,000 flight movements a year, by 2005. It would be purpose built as a transatlantic gateway to by airports at Paris and Brus-The company examined other locations in Europe, but Europe, allowing international rejected them in favour of agers to change flights in Liverpool. It says the advannot more than 50 minutes withtages are:

out passing through immigra- A large catchment area. ● A site with at least 4,000 acres of land available, includtion and customs. BAe believes there will be considerable demand for such ing space for a second runway. an airport, with European pas- Approach and take-off over senger growth expected to average 6 per cent a year well water rather than built-up

Flight paths to the Continent and US unaffected by air traffic control congestion over the south-east of England. The company says the main restraint on that growth will be runway, terminal and apron



After concluding the lease of the site, BAe plans to undertake detailed studies on the effect of the airport on the local environment, and then to apply for planning permis-

BAe seeks to build gateway airport at Liverpool

It is intended that the project will be funded by the forma- vices, but says it will be

looking for partners within 18 months. The development will include a second runway, new terminal facilities, a high-speed

rail link, motorway connections and the extension of the present runway by about 2,700 BAe believes that if the planning applications pass

smoothly, construction could start within two years. The second runway, which would be built on reclaimed land, could be open by 1998.

Inter European Airways, a wholly owned subsidiary of Aspro Holidays, a travel agent based in Cardiff, will take delivery of a Basing 777 delivery of a Boeing 757 next week, writes Anthony Moreton, Welsh Correspondent.
It has leased the 757 from the

Australian airline, Ansett, and hopes to move into the long-haul holiday business. Inter European is also seeking to develop scheduled flights.

Teletext advert dispute ends in Oracle's favour By Raymond Snoddy

THE OFFICE of Fair Trading yesterday rejected a complaint that Oracle Teletext was behaving anti-competitively in its placing of advertisements from McCallum Televox on its teletext service.

McCallum Televox provides

a new type of teletext service allowing viewers to use their telephone to call up a wide range of services on their

cle, the teletext provider on FTV and Channel 4, of placing its advertisements in unfavourable locations and charging more than for other compara-ble customers.

The OFT found some variation in prices charged to adver-tise on Oracle but not enough to restrict Televox's ability to compete in the market.

EMPLOYMENT

Ambulance unions focus campaign on by-election

AMBULANCE unions yesterday decided to use a forthcoming parliamentary by election to stage a "referendum" on their dispute, now in its 21st week. Conservative MPs in all constituencies, in addition, are to be lobbied and plans will be drawn up for public protest to follow on from the recent 15-minute demonstration of "people power."

Mr Roger Poole, chief trade
union negotiator, announced the by-election plan yesterday, following a meeting in London of union negotiators. The par-liamentary by-election in Mid Staffordshire was made necessary by the death before

Christmas of Mr John Heddle. The date has yet to be set. "We intend to turn that by-election into a referendum on this dispute. The people of Staffordshire will have an opportunity to make it very clear to the Government what their view is," Mr Poole said yesterday. The unions would be contacting all candidates to

National Health Supporters

establish their position on the ing," said Mr Poole. He added lot on an all-out strike.

Voters would be asked only to back candidates who supported ambulance workers. "If there is not a candidate who supports Britain's ambulance staff that they feel able to sup-port, then we will ask them to make their protest by abstain-

dispute, he said.

Roger Poole: 'by-election will become a referendum'

A date for the by-election national opinion polls, the contest, caused by the death party leadership is not disbefore Christmas of Mr John counting the possibility of a Heddle, has still to be fixed.

the March 20 Budget.
The ambulancemen's decision is not, in itself, likely to influence the outcome of the contest. However, with at least six minor candidates taking part, voters will have plenty of opportunity to register a protest vote against government

policies. With Labour well ahead in the campaign formally starts. for new allowances.

that the by-election gave peo-ple in the Mid Staffordshire constituency a "unique oppor-tunity to help bring this dis-pute to an end."

Mr. Poole also announced

into the next century.

that, for the first time since the dispute began, a meeting would be held of around 150 shop stewards to ensure that "industrial strategy is applied equally throughout the coun-." The meeting will be held London on Wednesday. There is growing concern about the unevenness of

Following yesterday's meeting, Mr Poole also took the opportunity to deny that there would be any local deals. "I want to make it absolutely lear that the trade union side disassociates itself from any attempt in any ambulance service to go for a local deal." Merseyside police will provide ambulance cover for the first time today, it was reported last night, after crews were said to have voted to bal-

Comfortable majority threatened

Party also preparing to contest Mid Staffordshire to try and recruit support from voters concerned about the future of However, Tory party sources suggest the Government favours a date shortly before the NHS, the ambulance workers' decision will strengthen the threat to the Government's theoretically secure 14,654 majority, writes Political Cor-respondent Michael Cassell. With few burning local issues likely to emerge in the campaign, their intervention could attract significant support from traditional Conserva-

counting the possibility of a spectacular victory and will be working to convince voters that it is the main challenger in a seat where it only just beat the Liberal Alliance candi-

date in 1987. .The first opinion poll conducted in the constituency before the date for the contest bas been announced - showed Labour with a small lead over the Tories, although the parties are not giving much credence to a survey taken before

Ford strike hits staff at Basildon

By Michael Smith, Labour Correspondent

FORD MOTOR company yesterday sent home 200 employees at its Basildon radiator facility as a result of strikes by electricians and mechanical craftsmen at its

mechanical craftsmen at its Halewood plant.

Meanwhile, AEU engineering shop stewards at the company's Bridgend plant in south Wales have voted to tell 180 craft members to continue their policy of not crossing electricians' picket lines.

The 200 Basildon workers were told to return to normal work on Monday. None the

work on Monday. None the less, they are the first Ford workers to be sent home following the start of an official strike by the company's 1,600 EETPU members on Monday. The development indicates that Ford could have growing problems next week in maintaining full employment for the more than 20,000 manual employees still at work.

Before the beginning of this week, the company had already sent home about 10,000 employees from Halewood and Southampton as a result of unofficial strikes by 550 skilled workers at Hale-wood. Ford said yesterday that the Basildon workers had been sent home because the closure of Halewood and Southampton meant there was less demand for radiators.

EETPU electricians and the AEU mechanical craftsmen are protesting against how the pay offer, accepted by 59 per cent of the 31,800 manual workforce, will affect them. Craftsmen say their differentials with semi-skilled workers are being eroded. Electricians are angry that they will have to undergo skills tests to qualify

Print employers seek big changes

EMPLOYERS in the general printing industry are seeking radical changes in working practices within national agreements covering 90,000 workers. The changes include "total flexibility" among all employees and 24-hour shift

The British Printing Industries Federation has said it wants big changes in working practices to improve productivity in the industry's joint national bargaining agree-ments with the print unions Sogat and the NGA.
The BPIF, which bargains on

behalf of about 3,500 general print employers, will put pro-

posals for more work flexibility to the unions shortly. The talks are expected to be the toughest in the industry for

tion of a consortium. BAe owns

a construction company, Bal-

last Nedam; it has recently acquired Arlington Securities,

the property development con-

cern, and has its own BAe

Consultancy Services, which

has experience in airport ser-

some years. The federation is arguing that poor trading conditions mean it cannot afford to increase pay unless the rises are covered by improved productivity. The argument echoes calls from Government ministers for unit wage costs to be held down.

The deals are among the largest joint pay and condi-tions agreements remaining in ing arrangements, such as

try, have broken up under pressure from employers. In its negotiating statement to the unions, the BPIF says that it wants to reach an agreement providing "full flexibility between all production employees, subject only to training

and experience."
It wants to secure "improvements in efficiency and produc-tivity" before any new agreements. It also wants treble shift working – under which machines can be operated around the clock - and agreement to new working patterns. The negotiations set grade rates for unskilled, semi-skilled

tmions have made claims for substantial increases in rates, as well as improvements in holiday entitlement and other conditions.

In its response, the BPIF says that the claims would add 27 per cent to the average wage bills of member companies. It argues that worsening trading conditions meant that pay increases must be financed by

improved performance.

A survey of 13 BPIF members found 11 were suffering from reductions in profits on the previous year. Six had falls of between 10 and 35 per cent, while the other five had reductions of more than 40 per cent.

BAe revises hours offer in move to resolve Preston plant strike

By Michael Smith

revised conditions attached to its offer of a 37-hour week for its Preston workforce in an effort to persuade 2,500 employees to end a 14-week strike. The revised package will be considered on Monday by the national executive of the Confederation of Shipbuilding and Engineering Unions, which is co-ordinating the national campaign for a shorter working week.

BRITISH AEROSPACE has

The executive's views will be conveyed to the Preston strikers who will hold a meeting the following day to vote on

The revised offer, made during negotiations on Thursday, is understood to include concessions to manual workers. It does not, however, offer a reduced working week for most white-collar staff, many of whom work a 37 hour week

already. Mr Roy Grantham, a national officer for white-collar workers at the GMB general workers' union, said last night that the company's proposed deal was unacceptable to his members.

The company had offered a lump sum payment to white collar workers to end their strike, said Mr Grantham. However, they wanted some hours off, or compensation through a consolidated pay

"We have not gone into this dispute to win a lump sum payment," said Mr Grantham. The outcome of Monday's and Tuesday's union delibera-tions have implications for all of BAe's plants, including those at Chester and Kingstonupon Thames, where workers are also on strike.

They will be watched closely by BAe's partners in the

Airbus programme. Production on Airbus has been severely disrupted by the BAe strikes and the company's partners have been highly critical of its handling of the

It was unclear last night

dispute.

what changes had been made to the BAe package at Preston and what union leaders thought of them. Prior to the revise package being presented, the manual unions' main objection was the company's requirement that employees could be asked to work "any pattern of four-day shifts and hight

shifts."
On Tuesday, it would be possible for manual unions to vote to go back to work, even if their white collar colleagues were against ending the strike. Mr Grantham said he thought

NHS allocates extra £5m for nurses' training By Our Labour Editor

THE Government yesterday allocated an extra £5m for training nurses in high technology skills. The money will train an extra 1,500 nurses a year to work in specialisms such an intensive care and neo-natal treatment.

Mr Kenneth Clarke, Health Secretary, said the sum allocated to high technology care in this financial year would be raised from £3m to £8. He said the Government hoped to raise the number of qualifying nurses by a fifth.

The money will be spent on extra training for nurses after registration. The English National Board for Nursing Midwifery and Health Visiting will receive £175,000 to increase the number of tutors.

Health authorities will be given notice of provisional allocations and asked to submit plans for how they would

Friday February 10 1990

Retreat in good order

MANY STATES, parties, and regimes in history have been overwhelmed by their enemies. Many have been the victims of their own weakness, corruption or megalomania. But it is hard to think of a precedent for the case of Soviet communism, where the dismantling of an entire political, ideological and imperial system has been ilmost universally halled as an extraordinary personal achievement of that system's

Mr Gorbachev has not yet quite jettisoned the Communist Party. He claims to be renewing and re-equipping it for the vanguard role which is still its vocation, even though in future it will have to earn that role strictly within the democratic framework. Yet few students of Soviet public opinion believe the Party would have much chance of retaining power in such a fair fight, and it looks increasingly as though what Mr Gorbachev is actually attempting is to prepare an alternative power base for him-self. The thrust of the proposals adopted by this week's central committee meeting is to strengthen the state institutions, especially the presidency, at the Party's expense; and when Mr Gorbachev was asked yesterday whether he would run for the presidency as a Communist candidate he

replied: let's wait and see. Of course, his success in a truly democratic election is far from guaranteed, even if he runs without, or against, the Party. Objectively, perhaps, the population owes him a great debt of gratitude, but gratitude is not as a rule a potent factor in politics. In eastern Europe little or no gratitude has been shown to reforming communists. In the Soviet case, people may look above all for a leader capable of improving their economic fortunes, and there Mr Gorbachev's claims remain weak

Tactical skills

The most persuasive reason for thinking that he might even so succeed in transforming himself into the elected der of a democracy is the astonishing run of political successes he has chalked up so far. He has displayed tactical skills such as Machiavelli did not dream of. But he has never yet submitted himself to a direct popular vote. His domesachieved in the context of oneparty politics, by constantly placing himself at the point of balance between ever-bolder radicals on the fringes and ever more desperate conserva-

tives at the core of the Party. Again and again he has denounced the radicals as trouble-makers, and their demands

Tobody could miss the irony of this week's

European countries are aban-

the past seven years he has been finance minister.

Feldt pursued a liberal eco-nomic strategy designed to

Feldt proved a success, helping

his party to election victories in 1985 and 1988 on a wave of affluence and goodwill. He seemed to embody the prag-matic professionalism that

Swedes have come to expect from their Social Democratic

He has always lacked the political strength to tackle Sweden's familiar deep-rooted troubles of low economic

growth and sluggish productivity in ways that would have upset his party colleagues. Thanks, however, to the shrewd devaluation of the

krona when the Social Demo-crats came back into office, Mr

Feldt was able to create an

optimistic economic climate in

Owlish, crumpled and grey-haired, Mr Feldt – now 57 –

rose rapidly in Swedish public

service. By the age of 34 he

was budget director at the finance ministry. Two years later he became chairman of

the central bank's governing

board. A Social Democrat since

his student days, Mr Feldt was

doning with haste.

as rubbish, only to concede those same demands later when a sufficient popular momentum had built up behind them to intimidate the conservatives. Perhaps no one knows, except himself, how far he has deliberately planned this and how far his own views have genuinely changed as the debate swirled onward. Either way, those who have been edly outmanoeuvred, on political if not on economic

ues, are the conservatives.

Lifelong habits

They lack any coherent alternative programme or credible alternative leader, while their lifelong habits and convictions leave them ill equipped to function as an effective opposition. It is highly symptomatic that this week they all ended up voting for a resolution of which they profoundly disapprove, while only the radical Mr Boris Yeltsin, who objectively was on the winning side, had the courage to cast a dissenting vote. In an open electoral fight, facing avowedly anti-communist chailengers, Mr Gorbachev might not enjoy the same advantag We shall see - or at least there is now a good chance that we shall, for the conservatives have now conceded the principle of pluralism, showing they lack the strength or the conviction to reverse the process. Meanwhile we can only feel grateful that Mr Gorbachev has applied the same principle in foreign affairs, allowing time to do its work and conceding at each stage in the process the point that he

had previously hotly contested. First he firmly defended the existence of a separate East German state; then he envisd German unity only as a aged German unity only as a distant prospect, to be pre-ceded by the dissolution of both Nato and the Warsaw Pact; then he declared that no-one cast any doubt on the principle, but appeared (through Mr Hans Modrow) to demand German neutrality as a price; and now, it seems, he gratefully accepts the idea, put forward by the West German and US foreign ministers, that a united Germany should belong to Nato without Nato forces being deployed in what

is now East Germany territory. Seldom if ever can a historic retreat have been executed with such good grace, even when it showed every sign of turning into a rout. Whatever Soviet citizens may think, Mr Gorbachev's

personality and skills are an extraordinary gift to the human race. The West at least should not be blamed for feeling grateful, and for seeking to prolong the benefits as best it can.

Paul Cheeseright reports on the mood of Britain's developers

hen the mighty whim-per, the meek may be drawn to tears. The mood in Britain's property industry was rendered lachry-mose this week by Rosehaugh's announcement that it was asking shareholders to stump up for a £125m rights issue - a call for capital at a time that could scarcely be less propi-

To be sure, smiles have been a rare commodity among property people as developers' returns have fallen and the Government has kept up its squeeze on the economy. But until now Rosehangh — under Mr Godfrey Bradman, its chairman — has been one of the 1980s' most successful developers, immune to ordinary worries. Its rights issue raised an inevita ble question - whether Britain is about to see a recurrence of the 1974 property crash, when developers col-lapsed, dragging secondary banks with them.

Here, after all, was a company which had been preaching the virtues of accumulating assets, whose name cropped up in relation to every large London property development, whose chairman had a reputation for awe-some financial intelligence, suddenly asking shareholders to shore up its finances and strengthen its capital.

Nor was Rosehaugh the only property company whose actions this week threw up questions. J.M. Jones, the private construction and development group, collapsed with debts of 250m. Regalian Properties put all its £180m of residential developments on the market in a pay-half-now-and-the-

rest-later scheme.
But it was Rosehaugh's call for capital that caused the real surprise. Its move had the smack of distress about it. A one for one rights issue at a price of 200p a share, just 43 per cent of the share price before the announcement, did not suggest that Rosehaugh expected a rapturous market welcome. It did not have one. But its capital-raising could be interpreted in a num-ber of ways, none of which offers

much succour to the company.

The first is to assume that Rosehaugh's move verified the darkest fears that property companies are increasingly vulnerable to the economic downturn; corporate failures

of widespread difficulties. The second is to assume that, as one property executive put it, "Godfrey's problems are Godfrey's problems and he's got them at the wrong time." Thus, they have no lessons for

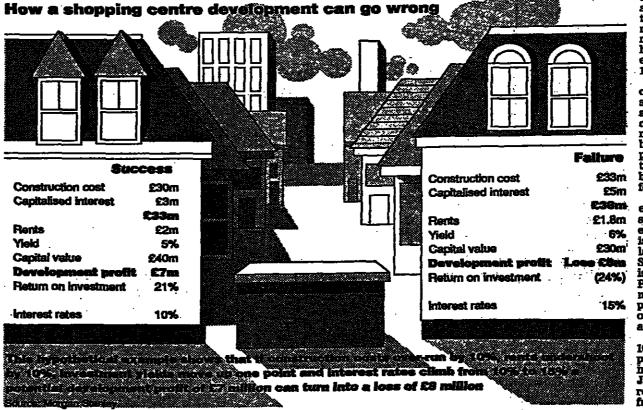
are coming; Rosehaugh is a symptom

The third and less extreme interpre-tation is to argue that the difficulties of the market exacerbated Rose-haugh's intrinsic problems but that these are not necessarily an omen for the business as a whole. Certainly there are many companies badly hurt by high interest rates, yet, the argu-ment runs, it is premature to imagine a 1990-91 crash to match that of

It is true there are some similarities between now and then. Interest rates moved up sharply in the mid-1970s. Interest rates are high now. The banks then had been lending money with abandon. They have been doing

the same thing since 1986. But the commercial conditions have changed. Most important, perhaps, is that the 1970s property crisis was part of a general collapse in asset values, of which there is no sign today. And in the property area itself, there are clear differences between the two periods. Then there were rest constitutions in the constitution of the constitut periods. Then there were rent con-trols; now there are not. Then the demand for buildings dried up; now rents in some areas are still rising.

It is the bank lending which causes most worry to those who fear the 1974-75 precedent. The 1970s crash happened when the over-extended sec-ondary banks called in their loans to



Black week for the property men

equally over-extended property com-

Now, as then, the amount outstandnow, as then, the amount outstand-ing to property companies has risen with dizzy speed: from less than £10km in February 1987, to just over £15km a year later, pushing towards £24km in February 1989. On the latest Bank of England figures for November 1989, it is now nearly £32bn. Rosebaugh has been one of the

companies which has taken advantage of the banks' enthusiasm for property lending. It has more than f400m of debt on its balance sheet and, off it, with associated companies,

nearly filbn more.

But there are two points of solace for those worried about the amount of borrowed money splashing around the property system. First, as a proportion of total bank lending, the amount outstanding to property com-panies reached a 1987-89 high of 7.75 per cent in May 1989 and has since fallen back. This proportion is not, in any case, as high as the peak of 9.59 per cent reached in 1975.

Second, just as the property sector itself is better financed now than it was 15 years ago, so the banks are sounder. The secondary banks have disappeared. In their place is a range of European, Japanese and US banks with the British clearers accounting for nearly 45 per cent of total lending to the commercial property sector. If lending institutions now are to

start calling in their loans it will not be because their own financial posi-tion is weak but because they have lost their faith in a borrower's ability to repay. Witness the case of Kentish Properties, the residential developer, which crashed last year when sales of flats dried up on a London Docklands development and the lender, Halifax Building Society, called in the

If the newly arrived lenders' tolerance proves short-lived and loans are called in, then this is where the cracks will appear in the sector. The vulnerable companies now are those, with development sites bought from mid-1988 onwards, which have seen optimistic financial appraisals become irrelevant and which have inexperi-

The line between financial success and disaster is fine. As Morgan Stanley, the investment bank, illustrates in the hypothetical example shown in the chart, things only have to go wrong a little - construction costs over-run slightly, rents undershoot a hit, required investment yields edge upwards, and interest rates climb as

Rosehaugh's action raised the question of whether Britain is about to see a recurrence of the 1974 property crash

makes a thumping loss.

When the economy is growing fast and the demand for space is outstripping the ability of the property com-panies to provide it, then a rise in, say, construction costs can be absorbed because the rents obtained from a property, or its selling price, will probably be higher than those

originally envisaged.
This was the case in 1987-88 and explains why returns on property outstripped those of other forms of

Since then, however, the rise in interest rates has made development more costly at a time when growth in rents is slowing down and in some cases the value of property is starting to fall. This has been most pronounced in London and the south east of England and most clearly visible in the retail sector.

In the last quarter of 1989, accord ing to the Investment Property Data-bank's measurement of institutional property portfolios, the value of retail property fell by 1.8 per cent. During the four months to last September the amount of available industrial and warehousing space in England and Wales rose for the first time in six years, reported King & Co, chartered surveyors. While declines in value are abnor-

mal, the rate of return from property has been slipping since the start of 1989. Total returns (capital-value increases plus rental income) from all properties were an average of 31.7 per cent in 1988 but 16.8 per cent in 1989. If there has been a recent turning point on the market, it was when Mr Nigel Lawson resigned as Chancellor of the Excheque they have done over the past few then deals have been increasingly dif-years — to turn a potentially very ficult to do; turnover has dropped, profitable development into one that Companies are still taking new space, properties are still being bought and sold, but the process is much slower than it was before. Confidence ebbed away from the market in much the same way as it did after the October 1987 equity market crash. But it returned in early 1988. It did not in

> in a remark which has a direct bearing on the state of a company like Rosehaugh, an executive remarked that "when sentiment starts to turn, it is difficult to find liquidity rapidly." Here, then, is a slowing market at a

time where more space is becoming available, where consumers, whether they be private individuals looking for new houses or companies looking for new offices, are reluctant to face the higher charges consequent upon the explosion of rents and price between 1986 and 1989.

Difficulties on the sales market, commented Smith New Court, the stockbroker, "will clearly be affecting all developer-traders, construction an developer-traders, companies and fringe players alike, not just Rosehaugh. "The men are being sorted out from the boys," one property executive said. "When property executive said. "When there's a boom market a lot of cowboys come in. Now they're being

The companies most readily equipped to cope are those with a stream of income from rents which exceeds their interest rate costs. This is most obviously the case with the large investment groups like Land Securities, MEPC, Hammerson, British Land, Slough Estates and Great Portland Estates. But the develop-ment companies, unless they have a portfolio of properties sold in advance of completion or long-term funded by an institution, are less fortunate.

In its last financial year, less than 10 per cent of Rosehaugh's interest payments was covered by its rental income. Yet between June 1989 and January 1990, Rosehaugh's net bor-rowings on the balance sheet rose from £262m to £410m. Its situation was less than comfortable.

was less than comfortable.

And becoming more so. "Godfrey just couldn't make ready disposals," observed a competitor. Indeed, the group's head office in London's West End has been quietly offered around the market since before Christmas. Given that the downward shift in the property market has taken place over several months and that the industry is notoriously cyclical, it is strange that Rosehaugh continued with its developments as if nothing was happening. Its own explanation of its debt increase, at a time when other companies were seeking to consolidate or reduce debt, was "the expansion of the group's trading stock and development work in progre A clue might lie in an incident when FT journalists met Mr Bradman

earlier this week. He was talking about Chafford Hundred. Asked where it was, he was unsure. Kent, he said. No, said an adviser, it's Essex. No, said Mr Bradman, it's Kent. In fact, it is north of the Thames, in Essex. The exchange would have been insignificant had it not been for the fact that Chafford Hundred is the name given to the biggest single housing project in the UK and Rosehaugh ic a major player in its development through a subsidiary.

The impression given was that Mr Bradman had lost track of some, at least, of what is happening in the Rosehaugh group. Its expansion has been rapid and complex. By 1988 it had a web of more than 150 associates and subsidiaries and Mr Bradman had only a direct personal interest in a few projects. He also seems to have been spending a great deal of time on outside activities - environmental issues and so on.

Rosehaugh's need for cash springs less from its involvement in the major London development projects for the 1990s - Broadgate and Ludgate in the City or the Kings Cross railway lands, for example – than in the 50 odd other shorter term projects up and down Britain. These are projects exposed to the immediate pressures of the marketplace but not, it may be surmised, to the pressure of hands on management from Rosehaugh.

In this there is some comfort for the

rest of the property industry. If Rose-haugh's difficulties spring from man-agement problems, then others do not necessarily have to follow where it

MAN IN THE NEWS

decision by Sweden's finance minister Kjell-Olof **Kjell-Olof Feldt** Feldt to impose a two-year wage, price, rent and dividend freeze. Here is the articulate Market champion of market socialism introducing the kind of crude economic controls that eastern

socialist "I have never believed in planned economies. I have seen the results and I saw them earlier than some of my col-leagues in the Social Demo-cratic party," Mr Feldt has declared again and again over pushed to Indeed, during the 1980s Mr impose nomic strategy designed to make Sweden a much more entrepreneurial society. "There is no national sovereignty in the economic field," he argues. "You have to be a part of the international world."

For most of that time Mr controls

By Robert Taylor



brought into the cabinet as commerce minister in 1970 by the late Olof Palme, who admired his intellectual brilliance even if he thought he

was too right-wing.
A bright, tough, amusing man with a short fuse, Mr Feldt is a kind of Scandinavian Denis Healey, who does not suffer tools gladly. Chastised by a visiting British journalist during the 1988 general election campaign for sounding like Mrs Thatcher, he replied "Too bad."

Over the past few years he has faced constant battles with the more traditionalist elewhich Sweden's private enter-prise could thrive on interna-tional markets. ments in the Swedish labour movement, particularly among the union leaders who think he

is too fond of capitalism.
Mr Feldt's biggest achievement has been as the architect of the country's huge tax reform that is supposed to be complete next year, moving the main burden of taxation off personal incomes and on to goods, services and capital.

Under his direction the bat-tery of rules and regulations that protected Sweden's financial system has been steadily abandoned. His policies of high interest rates and a tight con-trol on public expenditure have upset the hig spenders in his party. He has seen no merit in subsidising industry with taxsubsidising industry with tax-payers' money or in public ownership, pushing hard for the privatisation of what small areas of Sweden's industry are

in state hands.

The next step, he had hoped, would be to bring Sweden closer in spirit to the rest of western Europe with sweeping changes to deregulate agriculture, shake up regional policy and make the welfare state more efficient - perhaps even open to market forces.

Early last year he disturbed the party faithful with an article in which he cast doubt on the efficiency of the country's huge public services.

"The whole world recognises the market economy has won a total victory over the only alternative - the planned society," he wrote. Over the past few days, how-ever, Mr Feldt has looked a

ever, Mr Feldt has looked a more isolated figure — one who has lost much of his zest for the political game. What is happening to the Swedish economy has cast a serious doubt over the nature of the revival he presided over during the 1980s. It also undermines the confidence that there went the confidence that others used to have in the quality of his

in distribution of the product of th other parties in Parliament of the gravity of the economic outlook. He was forced to retreat and introduce a scheme of forced savings, in which he rightly had little faith.

Until recently Mr Feldt's future was seen, perhaps, as heading the World Bank or the International Monetary Fund. But perhaps, like Britain's Nigel Lawson, he has stayed too long as finance minister for nis reputation's good. Now, presiding over an economy in crisis, he has resorted to methods that contradict his fundamental beliefs. This week Mr Feldt has been

anxious to convince everybody that his market strategy is not in ruins. "The freeze means we have taken a major step away from the Swedish Model [of industrial relations] with its free wage bargaining," he-admitted this week. "But this is our last chance to save the Swedish Model through combining economic growth with full employment and the wel-fare state."

He sees ominous parallels in Sweden with what happened in Britain 11 years ago in the "winter of discontent." "Our situation is like that with wild strikes and chaos in the labour market," he argues. "In Britain there was a strong political reaction and a Conservative government was elected to power which led to sitacks on he trade unions and the weifare state " But it may well be that the

reasons for Sweden's economic crisis lie in the very success of Mr Feldt's market oriented pol-icies. By undermining Swe-den's controlled collective harden's centralised collective bar-gaining system, and reducing unemployment to 1.5 per cent, they have ensured that the they have ensured that the labour market can no longer function in its traditional way.

Mr Feldt hopes the freeze will have a calming influence, allowing unions and employers to work out a more sensible way of negotiating pay. Many suspect, however, that the design of the package is dictated more by political the actual many well week the government may well week the government may well be defeated in Parliament, then call a spring election. Mr Feldi and his economic strategy will continue to be Sweden's domi-

nant political issue in the

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well paid as Mr Lawson; they are more likely to earn about £15,000. As a former Chancellor, Mr. Lawson offers a rarity value in addition to his intellectual

The last Chancellor of the Exchequer to go to the City was Mr Anthony (now Lord) Barber who became chairman of Standard Chartered, the clearing bank, in the mid-1970s. Mr. Denis Healey has restricted himself to membership of the European advisory board of Nippon Telegraph and Telephone; Sir Geoffrey Howe remains in the Government.

The practice of leading figures from public life and the bureaucracy moving in to commerce and industry is not a peculiarly British phenomenon. In Japan it is known as amakudari, or the descent from heaven; in South Korea retiring generals who appeared on the boards of companies are known as 'parachutists"; in France, the move from the bureaucracy to industry or commerce is called pantoullage.

Exchange between business and government in the US is is often in the opposite direction. In President Reagan's cabinet both Mr George Schultz, the Secretary of State, and Mr Caspar Weinberger, the Defence Secretary, had previously worked for Bechtel, the con-struction company. It is still relatively rare for a retired professional civil servant or politician to appear on the main board of leading US companies.
In the UK, however, appointments

like Mr Lawson's are commonplace and many retiring senior civil servants (after a suitable interval) find their way to the boards of the country's most prestigious and powerful companies. A good example is BAT industries. It traditionally invites the retiring permanent secretary at Foreign Office on to its board, together with another lumi-nary from officialdom.

Sir Michael Palliser and Lord Arms-trong, the former Cabinet Secretary, carry on the tradition. Some allege it is born of the close links the British Secret Service is supposed to have enjoyed with BAT's far-flung tobacco empire, although Lord Armstrong disa-vows any knowledge of it.

"As far as I am concerned, I spent a

great deal of time on the international economic circuit as a sherpe for the Prime Minister in advance of World Economic summits]," he says. "That knowledge and experience is something a company like BAT or Shell for which he is also a board member can't easily get from elsewhere."

Simon Holberton on the boardroom role of former politicians and officials

Headfirst into corporate life



He is, however, aware of potential conflicts of interest. "What you can't speak of you don't speak of. My obliga-tion as a former civil servant takes precedence and I think the boards to which

belong understand that." But as one leading industrialist observes: "In the UK we tend to think in terms of contacts. In the US I don't think directors are recruited for their

tors of quoted companies are outside appointments and many of them are chief executives or former chief executives of large companies. For admirers of the US system this means that the director is not reliant on the company for his income and his status, enhancing his independence.

Critics point out that too often in the US the board of directors comes under

Not all outside directors are as well paid as Mr Lawson; they are more likely to earn about £15,000

ability to open doors.

"Having an ex-ambassador or bureaucrat as a non-executive director is all right. They can be useful for their contacts and bring interesting people to lunch, but in the US they rarely appear on boards. They are too hungry for work and too eager to be liked." In the US, nearly 70 per cent of direc-

the influence of a dominant chief executive; as a result they lack the time, power and sense of common purpose to act as effective supervisors of company. How far should directors go in over-seeing the company to which they have been appointed? Mr Ronald Grierson, the deputy-chairman of the General Electric Company, and a member of a

number of US boards, believes the role of the independent director is essentially supervisory and advisory. The idea that the board should have a view as to whether the company should con-

centrate its sales effort in Europe or South America is unrealistic," he said. "It should be management that makes that decision. I do not think the role of a non-executive director is to do strategic thinking, whatever that may mean. That is the responsibility of senior management and if they are not capable of doing it then they should be

Most British public companies appoint outside directors. Indeed, according to a study by Korn/Ferry International, the multinational head hunter, more than 85 per cent of public companies employ non-executive direc-tors. The typical such figure is most likely to be a 50-59 year-old male; to have been an outside director for under five years; and, to be a main board director of his own company.

Mr John Stork, Korn/Ferry's managing director, says companies are less interested than they were 10 years ago in appointing outside directors simply for the glitter they may add. There are more cynics around these days and more people are concerned with merit-ocratic values," he said. "Most appoint-ments are being made with what people can contribute in mind."

He cites one example of a company keen to recruit a Continental European to its board because it is wants a Continental perspective in the run-up to the 1992 single market reforms. That is a creative use of the non-executive direc-

tor role," he says.

Lord Armstrong agrees. "I don't think that Shell is hungry for my con-tacts; they have plenty of their own. If the Chairman of Shell wants to see the Secretary of State of Trade and Industry he doesn't need me as a go

Lord Gowrie, chairman and chief executive of Sotheby's, the fine art auc-tioneer, believes that outside directors in a public company are the public's representatives. As a non-executive director of the Really Useful Group – which has just received a bid from its founder, Mr Andrew Lloyd Webber, to take it private - his job is to make sure

the offer fairly values the company.

"We have a precise duty: that is to advise the public whether this offer is in their interests," he says. "When there is a change in the status of a company I think it is the very important job of the outside directors to see that they keep the interests of the company's shareholders uppermost in their

The need for better corporate gover-nance prompted the Bank of England to lead the push for greater use of outside directors on company boards. It was behind the creation of Pro Ned, a lobby for and provider of potential non-execu-

tive directors, in 1982. The UK has resisted making the appointment of outside directors compulsory . Mr Jonathan Charkham, an advisor to the Bank's Governor and Pro Ned's first head, argues, however, that it is time to rethink that view view "It would improve the odds of in favour of better management," he says.

Where the secrets get wormed out

Louise Kehoe reports from Silicon Valley on old troubles come back to haunt Apple Computer

Computer that remains private for very long. Much to its chagrin, the com-pany's secrets, whether product plans or personnel changes, have frequently been leaked.

Recently, however, Apple suffered one of its most embarrassing episodes since founder and former chairman Mr Steve Jobs quit the company five years ago after a failed attempt to remove Mr John Sculley from the post of chairman, which he occupies still. Mr Jobs sent his letter of resigna-tion to the press before it was delivered to Apple's board of directors.

Over the past two weeks the occupants of Apple's executive suite have played a game of musical chairs. One of the five top managers has resigned; another has been promoted; and a third has made it known that he intends to leave. Mr Sculley has acknowledged serious weaknesses in the com-pany's product strategy and announced plans for layoffs and severe cost cutting at the company's Silicon Valley headquarters.

There are common themes between the events of five years ago and those currently under way at Apple.
Then as now, the company

was under severe competitive pressure: sales were not as high as expected. In 1985 Apple badly needed to develop a new "open" version of the Macintosh personal computer that corrected some of the shortcomings of the first model. Today it must modernise its product line to meet more closely the market's demand for lower cost computers, laptop machines and those which are able to share information and programmes with other

types of computers.

The chief players in the current shakeup at Apple are:

Mr John Sculley, chairman and chief executive, who is trying to reshape Apple's top management in an effort to regain the zest that made Apple a leader in the personal computer business.

Mr Sculley arrived at Apple in 1983, with a strong reputa-

Sculley is a master of the stage; in private he is unassuming and reserved. His enthusiasm for Apple technology and for building the company into a \$10bn corporation without losing its youthful spirit is infectious.

A consensus manager who delegates major responsibilities to colleagues, Mr Sculley might be criticised for being too trusting and for sometimes failing to recognise the magnitude of problems before they become positively threatening.

• Mr Allan Loren, president

of Apple USA, the company's domestic division, who resigned 10 days ago for "per-sonal reasons." Mr Sculley bired Mr Loren in 1987 when to break into the corporate computing market.

Mr Loren succeeded in winning important clients by pay-ing close attention to customer relations and eschewing Apple's obsessions with image and its own corporate culture. But as a tough New Yorker, Loren never really adapted to Apple's Californian style and was not popular.

 Mr Jean-Louis Gassée, until recently wholly responsible for product development in his role as president of Apple Products. A flamboyant Frenchman. Mr Gassée likes to be outrageous. His trademark is the large diamond stud worn con-spicuously in his left ear.

He is described by some cur-rent and former colleagues as a visionary genius and by others as a devious politician who is difficult to work with. What is clear is that Mr Gassée craves power. He was seen at one time as a likely successor to Mr Sculley. Mr Gassée was, however,

demoted in the reorganisation announced by Apple a week ago. He was left with shared responsibility for product development and relieved of his other responsibilities. He is expected formally to resign ery soon. His imminent departure is public knowledge but he has said nothing explicit

Mr Gassée is said to resent

ittle happens at Apple tion in marketing won at Pep- the criticism levelled at Computer that remains si-Cola. In public forums, Mr Apple's latest product, a porta-Apple's latest product, a portable version of the Macintosh, which represents the first "revolutionary" rather than "evolutionary" product to come out of Apple in his five-year tenure in product development. The portable Macintosh incorpowhich makes the image on the screen much better than that of other portable computers. But difficulty in obtaining the

displays has limited sales since the machine was introduced last year. Moreover, the portable is expensive and bulky.

Mr Michael Spindler, former president of Apple Europe, and credited with having built up the company's European business to the point where it now represents about 40 per cent of revenues and 45 per cent of profits. Mr Spindler was promoted to the new position of chief operating officer, taking over responsibility for market-ing and manufacturing from Mr Gassée. He is now Mr Scul-

lev's second-in-command. Mr Spindler's new appointment is "the best thing that could have happened at Apple," says a close associate. Mr Sculley is said to have praised him as the company's best strategic thinker

best strategic thinker.

Mr Spindler says his goal is to turn Apple into a "global" company. Yet he has never held responsibility for operations in the US, where growth in personal computer sales is now slowing. In the past he was able to build his own organisation rather than inheriting one weakened by internal dissension.

Inevitably, there will be more defections at Apple among those who were supporters of Mr Gassée and Mr Loren. After yet another messy management transition, the company must deal with its real problems.

What Apple needs, say watchers of the company, is a new marketing strategy focused on "vertical" or spe-cialist markets as well as new products that capture the ease-of-use advantages of the Macintosh but which can be sold at more competitive

A case for controls on portfolio capital exports

John Williams and Mr Colin Haslam.

Sir, Is it worth considering controls on export of capital in a country like Britain which had a £20km trade deficit last year, exports £10bn of portfolio capital each year and then bridges the gap by using pun-ishingly high interest rates to attract an inflow of hot money?

Not according to your editorial ("A swallow, not a summer," January 27). Blocks on export of capital would upset market mechanisms from which Britain stands to benefit specifically, you argue, that controls would remove the pressure on managers to main-tain or increase domestic profitability and would reduce the flow of inward investment.

TV carbuncles

From Mr David Taylor. Sir, The report of the FT Sat-ellite Monitor (February 6) indicating that some 5m homes will have satellite TV receiving equipment by the end of 1993 highlights the need for the installation of dishes to be the subject of control by the planning authorities.

Almost every one of the 558,000 dishes so far installed is an eyesore on the building to which it is attached. Serious attention must now be given to limiting, controlling or harmonising the visible

effects of these carbuncles. It will be too late when their number has increased almost tenfold. David J. Taylor, 31 Sion Hill, Bath,

Wilberforce too

Avon

From Mr D.J. Booth.
Sir, How splendid of Hull to remember Wilberforce and the Abolition of Slavery Bill (1807). ("A halt to the devil's work,

Weekend FT, February 3). I am sure, also, that the Museum Director will not omit Wilherforce's earlier social con-tribution - the Combination

Penalty for a first offence was three months in jail for any working man who combined with another to increase D.J. Booth.

4a Laum Road. Lymington, Hampshire

Your argument starts from a false premise. Britain's non-financial corporate sector is self-financing and does not "compete for capital in a global market." Your premonitions about the effects of controls are alarmist and unjustified, if we are discussing controls on export of portfolio capital.

Controls on capital export would allow a fall in interest rates but that has never in the past undermined the pursuit of profit. As for the rate of profit achieved, cyclical recovery in the later 1980s suggests that this is mainly determined by the level and trend of output. As the British economy turns down in the early 1990s we can expect a decline in the rate of profit regardless of policy stance on capital movements.

From Professor John Postgate.
Sir, Bridget Bloom ("Vets urge slaughter of 'mad cow' calves," January 26) gave an excellent brief survey of the

situation regarding bovine spongiform encephalopathy. The agent involved seems to be a slow virus derived from

sheep scraple, but it may not be genetically identical to the

sheep scraple with which sci-entists are familiar. It is just as

likely to be a mutant able to

colonise a new host, a mutant

which, because an abnormal

diet opened up a hitherto non-existent infection pathway, is

Sir, I notice that Mr G.R.

Lister of the Bradford & Bin-

gley Building Society (Week-end FT, February 3) is quick to point out that the choice of

independent financial advice

on the high street is wider

than Barry Riley ("When citi-

zens are no longer fair game,"

January 20) suggests. What he fails to do, however, is to

recognise that what he means

by independent financial

advice does not correspond to

what the majority of the gen-eral public regard as indepen-

dent financial advice.
It should be that indepen-

dent financial advice will pro-

vide people with the pension or

suited to their needs. But, by

Mr Lister's own words, the ser-

vice offered directs customers

ent most

investment arrangen

Independent financial advice

now established in that host.

From Mr Graham Ogden.

Controls on outward portfolio investment are equally unlikely to choke off inward direct investment of a produc-tively valuable kind. That is because, under any circumstances in Britain in the 1990s, the volume of such investment is likely to be small. Inside a free trade Europe the Germans are under no pressure to decentralise production. The Japanese will make start-up investments in Britain, but the surplus for subsequent expan-

outward portfolio investment is worth considering until its opponents come up with better economic arguments. The main argument against such controls remains the political one:

changed, the fact that conven-tional sheep scrapie has never been known to colonise poul-

try, pigs, dogs, cats or man has little bearing on whether the mutant disease can. It might or

it might not, if not, it could mutate again to do so.

all, one hopes, but meanwhile it is surely unwise to leave

open a potential infection route

to, and perhaps through, pigs

to use "whichever insurance

company fits the bill."

Although insurance companies have a large slice of the mar-ket, perhaps too large a slice,

they do not have the monopoly

on pension and investment

Bingley can distinguish between independent and

insurance advice but I suspect

that the commercial advantage

of receiving insurance commis-

sions is so great that other

products are quietly ignored.

If Independent Financial Advice (IFA) is to become syn-

onymous with Insurance For

All, then where does one go for

Cheltenham, Gloucestershire

independent advice?

Graham E. Ogden,

12 Cadogan House, All Saints Road.

I am sure the Bradford &

and poultry.

products.

John Postgate

Research will in time reveal

sion will probably be realised from existing operations. The option of controls on manufacturing output show, this is already happening. We hope we are not alone in finding this prospect repugnant. Karel Williams, John Williams, Colin Haslam. Department of Economics

University College of Wales, King's rules Potential infection route

If the agent's host range has From Lord King. Observer says ("King falls," February 8) "not even Lord King can open every door on the occasion of my visit with President Carlos Menem of Argentina.
There were a number of pho-

against European Community rules and a British Govern-

ment which imposed controls

might face some form of EC

This political risk must be

set against an economic cer-tainty. If controls are not imposed, deflationary adjust-

ment will take its course and the British balance of pay-

ments will right itself at lower

levels of output and employ-

ment. As the recent figures on

tographers taking pictures of me shaking hands and talking with the President. I was not aware of the fact that the FT had not made arrangements to open doors for themselves as the other photographers must have done.

The FT photographer did not ask me. Had he done so he might have got his photo-

British Airways, 8 St James's Square, SW1

Gang control

From Mr Andrew Howard. Sir, Mr Morgan and Mr Knights (Letters, February 3) express concern about shortcomings in the control of tied agents by life companies.

Dare I suggest that it was

largely the profligate granting of agencies by greedy life insurance companies over the past 20 years or so that has necessitated much of the present legislation.

Asking companies to control their agents is like expecting Fagin to live only off the honest earnings of his gang. Andrew C.J. Howard, 122 Perry Hill, SE6

Dockland rate

From Mr David Hardy. Sir, Although rates are a contributory factor in any organisation's accommodation costs, they should be viewed in respect to the total occupational costs which include rent ("Enterprise zones may face high rates," February 3).

Therefore it is hardly surprising that companies are keen to take advantage of the benefits offered by the London Docklands Enterprise Zone. Commercial rents are on average a third of those in the City and West End. Because rate-able values are based on rental values this overall margin will be maintained. This, combined with the other advantages of an enterprise zone, makes Lon-don Docklands an extremely competitive business location

for the 1990s. Over 1,500 companies have now decided to locate there and many are overseas interests. Is it that UK companies are less cost conscious than their overseas counterparts? David Hardy,

London Docklands Development Corporation, Great Eastern Enterprise, Millharbour E14

From Mr Alan Bradley.

Pension decade

Sir, Eric Short, reports ("Pension age for many women is 65," February 6) the finding from the latest survey of occupational pension schemes that, of the 43 per cent of schemes with a common retirement age, 42 per cent had opted for a common age of 65. He goes on to add his comment that, in such schemes, "women mem-bers have to wait a further five years before qualifying for a full company pension."

This is not necessarily so. Many schemes that have recently moved to a common retirement age of 65 introduced at the same time a provision that any member, man or woman, who retires with the employer's consent at any age between 60 and 65 will receive a full accrued pension "actuarially reduced" to allow full accrued pension not for its earlier commencement. Effectively, therefore, they

have introduced a "half-decade" of retirement from 60 to 65, a principle which many are also urging the Government to apply to state pensions. Alan Bradley, Lane Clark & Peacock, 30 Old Burlington Street, WI

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17. 1.7 By Ian Hamilton Fazey, Northern Correspondent

THE GOVERNMENT'S abol-ition last summer of the "jobs the dockers' strike against the for life" National Dock Labour Scheme helped Manchester Ship Canal Company reduce its labour costs by £2.5m and so hoist pre-tax profits from £486,000 to £5m in 1989.

However MSC will again pass its final dividend.

MSC is controlled by Mr property rose to £3.03m

Lahn Whittaker, who said he (£1.85m), while investment

24 £1.81m intended to continue to plough all profits back for future developments. As well as own-ing half the 4m ordinary stock units and 80 per cent of the 4m preference shares, Mr Whit-taker is also a property devel-oper and chairman of Peel

The taxable figure was reduced by £4.93m (£4.54m) for severance costs - MSC's pay-roll was cut from 715 to 422 though this was offset by an exceptional profit of £2.25m (nil) on the sale of land.

The company shed its entire stevedoring workforce at Run-corn and Ellesmere Port when NDLS was ended. The scheme, which allowed only registered dockworkers to be employed on the loading and unloading of ships, had previously pre-vented a reduction in the workforce without the dockworkers'

A further 42 port employees will go in 1990 and their severance costs have been included in the 1989 accounts. Ellesmere Port cargoes are now handled by two stevedoring companies already there, while at Run-corn 12 of the 24 former MSC employees have formed a stevedoring co-operative which turns the ships round faster than before.

Turnover fell to £19.7m (£22.2m) partly because prices paid by Shell UK, a major cus-tomer, were down by £1.9m as a result of an agreement dating this made an of from 1986. A further £300,000 of taker unlikely.

MR JAMES GULLIVER, meeting.

chairman of Lowndes Queen-

sway, the loss-making furni-ture and carpet retailer, is not

expected to appear at the spe-

holding on Monday morning at which shareholders are being

asked to vote for the £70m refinancing package.

Mr Gulliver's resignation

will become effective the

moment the resolution is

passed, and Mr Norman

Ireland, a non-executive director, will take over as chairman. The company felt it was more appropriate that Mr Ireland

chair the meeting. However, some feel that Mr

Gulliver ought to face his

shareholders one last time. One large institutional inves-tor said that Mr Gulliver

"could at least turn up" at the

By Maggie Urry

add another £50m to values,

the company said yesterday.

An embargo on dividend

payments was promised by Mr Whittaker, before he finally won a bitter three-year take-

over battle for control of the

company in 1987. This was

interpreted by opponents as a threat to frighten shareholders

into selling.

Mr Whittaker has stuck to

his view that the company

would need all of its resources

for development. Manchester

Ship has substantial land assets in the area.

shares worth £29 each and a £16 price for its 4m preference

shares, the company now has a market capitalisation of £182m. The bid was made at £7 and £3

respectively.

to attend special meeting

However, with 4m ordinary

ending of the schem Mr Robert Hough, MSC chairman, said yesterday that turnover was likely to be about the same level in the current Operating profit came out at £3.49m (£2.47m). Income from

income was up at £1.81m (£1.12m) and interest received totalled £636,000 (£420,000). Profits before exceptionals amounted to £7.69m (£5.02m). amounted to £7.63m (25.03m).
Earnings per £1 ordinary
share were 90.7p, compared
with losses of 4.3p last year.
Property was revalued independently at £125.25m, an

increase of £49.05m on the pre-vious book value. Expected planning permission to develop 300 acres of land as a retail and leisure centre is expected to

Scottish Equitable and Royal Bank have been forging closer links for the last six

Meanwhile the bank dismissed recent reports that it could face serious problems over its funding of leveraged buyouts following the failures of two of its leading corporate clients within the last two weeks; Response, the textile

"We have £750m in total possible exposure to LBOs, most of which is with businesses which are doing well and where the LBO was taken out many years ago and is now well established," said the

cost Mr Whittaker about £80m to buy out the minority share-holders. Mr Hough thought Analysts estimate that up to £70m of the LBO exposure could be at risk. Royal Bank this made an offer by Mr Whitsaid that it had included sub-stantial provision for had debt in its results for the year ending last September, announced Queensway chief unlikely

sition of Yorkshire Bank by National Australia Bank to the

favour of the package - which involves a £35m rights issue and the issue of £35m of zerocial meeting the company is compon convertible loan notes - is expected at the meeting in

Already around 80m of the 329m votes have been cast in favour of the deal, through proxies lodged with Charterhouse Bank, Lowndes' advis-ers. Only 36,000 votes have been cast against. The resolu-tion needs the support of 75 per cent of the votes cast to be

An overwhelming vote in

If the resolution is pass the nil-paid rights will start trading on Tuesday. A price of between zero and 1p is likely. The existing shares closed yesterday at 6p, down ½p, com-pared with the 5p rights price.

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TRADITIONAL OPTIONS

Feb 5 Calls in Amstrad, Astec (BSR), First Dealings Feb 16 Aviva Pet., Boddington, Bula May 10 Res., Delto, Ferranti, Gaelic Res., Hambros, Ketson, Priest Marians, STC and Wilton. Put in News Corp. Put and Call Tuskar Res. Last Dealings ● For settlement May 21 For rate indications see end of

Scottish Equitable buys Royal Bank stake

SCOTTISH Equitable Life Assurance Society yesterday bought 28m shares in the Royal Bank of Scotland Group from the Kuwait Investment Office boosting its stake to 5.02 per cent. The purchase looked to the markets like a detensive move by a friendly shareholder, News of the purchase came

News of the purchase came after a morning in which Royal's shares had fluctuated wildly. At one point they reached 227p but quickly fell back to around 200p. After Scottish Equitable's announcement they fell for to 2000.

to 2.34 per cent.
Mr Charles Winter, group
chief executive, said he welcomed the Scottish Equitable purchase which would strengthen the bank's indepen-

months. They set up a joint life assurance venture last autumn, in which Royal holds 51 per cent, to sell insurance

manufacturing buyout from Coloroll, and Dominion Inter-

in early December.

The Department of Trade and Industry said yesterday that would not refer the acqui-Monopolies and Mergers Com-mission.

Craton Lodge decides against FTC acquisition

a reverse takeover of the loss-

deal. However, they will stay suspended as Craton is trying to make a further acquisition and raise capital.

Craton was floated on the USM in October 1984. In the six months to March 31, 1989, the group reported a loss of £587,000 owing to the cost of developing markets in the Eastern European bloc.

Cluff Resources

USM-quoted Cluff Resources is to reduce its shareholding from 46 to 39 per cent in Cluff Resources Pacific, although it will remain CRP's largest

CRP, which is quoted on the Australian Stock Exchange, is to raise A\$4.8m (about £2.3m) by way of a one-for-five renounceable rights issue. Shares are priced at 20 cents

ment they fell 7p to 203p.
Royal said that the KIO had
cut its stake from 6.06 per cent

By Philip Coggan

Craton Lodge & Knight, the product development group, has abandoned plans to acquire FTC, a publishing and marketing company. The deal would have taken the form of

making Craton.
Shares in Craton were suspended at 43p in October pending completion of the

Testing time for an industry with mettle ANAGERS in the UK's biggest engineering companies might be forgiven for having a smirk on their faces these

By David Barchard

days.
Their companies were the ones that really caught it in the teeth during the recession of the early 1980s. Burdened by weak demand, a grossly over-valued pound and their own inefficiencies, those that survived were forced to struggle for several years without too much sympathy from the rest

Right now, it is the consumer side of British industry that is taking the pasting. As retailers and manufacturers of household goods wallow knee-deep in profit warnings, sell-offs and financial restructuring, many of the larger engi-neering groups are taking a relatively relaxed view of

things.
Their half-yearly figures were generally good and analysts are expecting most full-year figures — with Vickers first in the starting-blocks this month – to be quite healthy. Earnings growth for most engineering stocks is still expected

by most analysts to exceed the average for the market. Not only will engineering be last in the cycle if there is a substantial downturn, but the way the big groups have changed over the past decade might make them largely immune from any localised trading downturn within the

of the corporate community.

There are several reasons for

One is the shift in where their sales are made. Only 41-per cent of the turnover of the 20 largest engineering stocks is now derived from the UK, according to a report just pub-lished by County NatWest, the

GEOGRAPHICAL BREAKDOWN OF TURNOVER Latest report & accounts UK USA Europe £m Ωn BBA...... British Steel

Totals

% of turnover of top 20 engineering stocks

merchant bank. Five years ago the figure was 47 per cent and at the start of the last decade it was well above 50 per cent. For some companies, this shift is much more marked. APV, Lucas Industries and Rolls-Royce, together with Siebe, T&N, Smiths Industries and the TI Group depend on the UK for between 19 per cent and a third of their sales.

Lucas Industri Rolls-Royce...

Smith Inda

At the same time, many of these companies are much less sensitive to labour cost pres sures than they were, and certainly in comparison with

Manufacturing specialists at a recent conference at Strathclyde University suggested that labour costs for many engineering-related companies were now only between 5 and 15 per cent of total costs.

Despite a weakening in their overall financial position over

the past 18 months, most large engineering groups are in bet-ter financial health than when

they faced the last recession.

These positive features in the sector have been underscored by demand trends over the past month or so. After slipping by about 5 per cent before the end of the year, steel lemand in the UK has levelled off, according to British Steel. UK machine tool suppliers, while continuing to express concern about uncertainties among potential purchasers, are still expecting a small

amount of real growth in the market. This is despite a pro-duction fall of 7 or 8 per cent this year predicted for the UK car industry, a main purchaser of engineering products. This relatively upbeat view has to be tempered by some worries, some short- and some long-term.

are still over-dependent on the UK. For example, Babcock International obtained 62 per cent of its total sales in the UK for the last full year, according to County NatWest, and for Glynwed the figure was 78 per cent. Glynwed, like a number of other engineering-related companies, is also much more sensitive to demand in con-sumer-type industries. Weaker demand there will eventually feed into engineering.

Some of the largest stocks

Exposure to the domestic market is also much more pronounced among second tier quoted engineering stocks. A County NatWest list of 26 selected smaller engineering companies shows that 14 of them depend on the UK for more than 60 per cent of sales. Some very small non-quoted engineering businesses have already gone under.

Engineering groups are in good shape to weather a downturn, reports Nick Garnett Sales figures for large and small quoted engineering comsmall quoted engineering trom-panies in aerospace equipment supply will also have been affected adversely, though tem-porarily, by recent labour dis-putes at British Aerospace and Rolls-Royce.

Companies not strongly exposed to the UK point to the continuing strong demand for engineering products in West Germany and France as an important motor for the overall European engineering market. This would be more than offset however, if there was a wide spread recession in the US and the UK.

Another negative factor, according to some consultancies, is that British companies, including some in engineering, have reacted wrongly to the present bout of general uncertainty.

PA, for example, says that in recent months there has been an abrupt switch from require ments for help in long-term strategic planning to requests for assistance on short-term profit improvement. "That has usually meant trying to get the head-count down quickly," says one PA manager.

Whatever the short-term outlook on sales and profits, one feature is likely to keep engineering companies on their toes. Even some of the biggest British engineering companies have yearly sales of little more than £1bn, which is very small in international terms. Over the next year or two, some are almost certain to fall prey to foreign takeover.

One sector where analysts expect this is automotive components. Faced with a declining domestic market, US automotive component makers are being tipped as the likely buy-

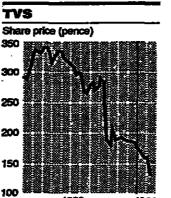
TVS share price drops 15p

By Raymond Snoddy

THE SHARES of TVS Entertainment, the ITV franchise holder for the south of England, which owns MTM, the loss-making US production arm, dipped by 15p yesterday after market rumours — denied by the company — that it planned to pass its final divi-

Shares fell to 131p, suggesting that confidence in TVS was still a little fragile because of the problems at MTM, the company where past successes have included Lou Grant and

Last September when TVS first revealed that it was suffering substantial losses at tion of the secondary syndication market in the US (the sale MTM because of the contrac- of former network shows to



independent stations), TVS shares fell from 261p to 192p.
The only comment TVS would make yesterday was: The directors know no reason why the share price behaved as it did this morning." However TVS did add that on January 16 it said that the

board would not decide on a final dividend until April because the company was changing its year-end from October to December.

At that time Mr James Gatward, chief executive, announced pre-tax profits of £13.7m for the year to October 31 compared with £26.1m the previous year. This was largely because of losses at MTM.

Early's denies share buys led to third party talks

Securities has built up a 19.5 per cent stake, says it has approached other parties with a view to a deal that might result in a full offer for the

company.

It also plans early next week to meet Grovewood, the packaging, engineering and prop-erty group which changed its name from Nash Industries last year, to talk about the stake which has been built up over the last two months.

Witney, which is 29.9 per cent owned by Claybithe, the investment company, owns just over 56 acres of land surrounding its Oxfordshire head-quarters in addition to its tex-tile manufacturing activities. On approaches to other par-ties, Mr Paul Golby, managing director, denied they were prompted by the Grovewood

EARLY'S OF Witney, the a relatively small company blankets and bed-linen manufacturer, in which Grovewood and opportunities might be better exploited if we worked with others," he said. Early's shares closed 34p up

at 269p yestarday valuing the company at £15.7m. Last December, when Grovewood started buying, they touched a 12-month low of 132p.

Mr David Holland, who took over as chairman of Grovewood at the beautiful and the started to the s wood when he injected some industrial property interests into it last summer, said yes-terday: "We have an interest-

ing investment and are await-ing developments." He said he was familiar with Early's

because Grovewood had a con-struction and development subsidiary in the same area. Early's incurred a £609,000 pre-tax loss (£101,000 profit) for the six months to July 29. It has since sold some land.

Mr Golby said Early family members held a total interest share buying. "We have realised for some time that we are in excess of 10 per cent.

Brierley raises Wm Low holding to 17% By Nikki Talt

Steady stake-building in William Low, the Scottish food retailer, by IEP Securities, part of Sir Bon Brierley's group of companies, has taken its holding to 17.08 per

IEP, which first declared a holding in 1987, said yesterday that it had bought two significant blocks from institutional holders. In November it increased its stake from about There was no particular sig-nificance to the latest increase, IEP said, merely that it had been offered the shares. "We see Low as a good invest-ment when shares become available." The company denied that it had any specific

longer-term intentions, Low, meanwhile, described the increased holding as consistent with IEP's previous stance, adding that it had a good relationship with its largest single shareholder.

plans are 'advanced' By Philip Coggan FALCON RESOURCES, the oil for the printing of this letter

Falcon Res re-financing

October 1985, has written to shareholders stating that re-financing proposals to raise £4.75m "are at an advanced stage".

The company has called an

extraordinary general meeting on March 30 to discuss the pro-

Annual reports for 1985, 1986 and 1987 filed at Companies House last October showed wiped out its shareholders nancing package was completed, they were confident that the company "has not had the former of the state out that the company "has not had the former of the state out that the company "has not had the former of the state out to the state out the financial resources to pay
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Mr. Aldeston added: "Falcon"

and gas company which has and Mr Hoskinson [a fellow had its shares suspended since director] and I have personally incurred expenditure . . . to the extent of some £160,000 which has been used to audit Falcon's accounts."

Mr James Butterfield, has become Falcon's new chairman. He is also chairman of Platon International, an electronics group.
The 1985-7 accounts were

heavily qualified by Ernst & Young, the auditors, but the directors said that, if the refi-

including the accounts.

Mr Alderton added: "Falcon is not even in a position to pay

for Trade & Industry to demand books and papers from a company.

Reorganised Summer at £1.51m after disposals

By John Thornhill

of £1.51m in the year to September 30 on turnover of £16.95m. This figure included £666,000 in exceptional profits gained from property disposals. Earnings per share were 10.4p. A recommended final dividend of 0.5p brings the total to 1p, the first payments for eight years.

In the last reported financial period, covering April 3 1988 to

period, covering April 3 1988 to September 30 1988, Summer incurred a loss of £151,000 on

SUMMER INTERNATIONAL, the educational and training group, reported pre-tax profits of £1.51m in the year to Septon 1.51m in the year to Septon Holdings.

This January, it bought American Hi-Tech which owns three vocational training schools in New York. The acquisition is expected to have an adverse effect on Summer's earnings in the first half of the current year and the company is expecting a small trading loss for the six months to March 31. But it will at least incurred a loss of £151,000 on maintain the dividend and turnover of £3.32m.

During the last year Summer the longer term.

Goldsmiths closes at 11p discount on debut day

By Clare Pearson

SHARES IN Goldsmiths Group, the jewellery retailer which has joined the market via an offer for sale, closed at 1399, a discount to the 150p issue price at the end of debut market

at the end of debut market dealings yesterday. There was a lacklustre pub-lic take-up of Goldsmith's £32.89m offer for sale, with over 30 per cent of the shares left with the underwriters. It also came against the It also came against the background of a falling stock market where the FT-SE 100 Index closed 17.4 points down at 2313.6.

At the issue price, the shares Johnson Matthey

Johnson Matthey, the precious metals and advanced materials group, has paid FFr10.5m (about £1.1m) to boost its

(about £1.1m) to boost its shareholding in Matthey Beyrand, its French subsidiary, from 60 to 80 per cent.

MB produces lithographic and screen-printed transfers for decorating ceramics and glass. It has just completed a £1.5m investment programme at its plant in Limoges. at its plant in Limoges.

sive than fellow listed jeweller, Ratners. The offer was 78 per cent of the enlarged capital. Goldsmith's flotation marks a return to the stock market

had been seen as fully-priced

after a three year absence. Acquired by the Swedish cosmetics group Oriflame in 1987, it was sold on to the manage-ment for £32m the next year. The company has been concentrating on the middle and upper-end of the jewellery market.

Halifax Building Society Floating Rate Loan Notes 1994 For the three month period from 9 February, 1990 to 9 May, 1990 the Notes will bear interest at the rate of

15.225 per cent per annum. The Coupon amounts will be £185.62 per £5,000 Note and £1,856.20 per £50,000 Note. payable on 9 May, 1990. Morgan Grenfell & Co. Limited

on a pro forma prospective p/e of 11 for the year to March 3. This made them more expen-

SCURITY

ECRUTIMEN



Sock Shop blames hot weather and strikes

THE EXTENT of interim losses at Sock Shop International, the hosiery retailer headed by Ms Sophie Mirman, was revealed yesterday when figures for the six months to the end of August, were released. The group's discussions over

a refinancing package are con-tinuing. No interim dividend will be paid and the company said a final dividend was A special meeting of share-holders is to be held in mid-March. This is necessitated by

a provision of the Companies Act, as net assets are now worth less than half the called-up share capital, of £1.1m. Shareholders are obliged to meet to consider "whether any steps should be taken to deal with the situa-tion". It is hoped that the refinancing package will be put to shareholders then.

Pre-tax losses reached nearly

£4m in the half year to the end

of August, with £1.1m of that relating to the 17 shops in the

US which were closed after

Christmas. That compares with a group profit of £630,000.
The group also forecast that a £4.8m write-off would be needed for the full year relating to the US business. That figure covers trading losses, including the first-half loss, up to the point at which the shops were closed and lease guarantees which the company was required to honour. required to honour.

required to nonour.

Analysts said the group
would have negative net worth
in the next balance sheet. At the start of the financial year net assets stood at £5.9m but had been eroded by the interim retained losses from continu-ing operations of £1.8m and further losses in the second half as well as the £4.8m US Ms Mirman said that the hot

weather and the transport

strikes last summer drastically affected the UK business. The rise in interest rates meant

that interest charges on bor-

rowings, which were nearly £12m at the start of the finan-

cial year and now stood at



Sophie Mirman: new ranges of

£16m, had risen. The continuing operations incurred a pre-tax loss of £2.9m in the first half despite higher sales at £13.3m, helped by the store opening programme. At the start of the financial year the group had 97 shops, exclu-

ding the US business, and 12 more have been opened since.
Excluding the US business, the group has traded profitably in the second half, but the interest charges will mean a material loss for the year, Ms Mirman said.

She said the current year

she said the current year would be one of consolidation in the UK, but she hoped that after the refinancing package was arranged, some expansion in Europe would take place, perhaps through franchises. The planned installation of an internal particle states are created. The planned installation of an electronic point of sale system should eventually have "tremendous benefits" for the group, she said.

New ranges of co-ordinated accessories to go with the socks are being introduced. Ms Mirman said that last summer the shops did not have a wide enough range of goods which

enough range of goods which would appeal to bare-legged shoppers and make up for the shortfall in sales of tights and

ECONOMIC DIARY

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TODAY: Both houses of Pakistan's parliament meet in joint session to discuss Kash-TOMORROW: East German National Damocrats recon-

vene congress to vote on MONDAY: CBI/FT survey of distributive trades (January). Retail sales (January-provi-sional). Producer price Index

numbers (January-provisional). European Communnity economic and financial council meets in Brusseis. Start of two-day meeting of the European Community farm ministers. Mr Ernest Saunders and three others on trial over Guinness affair. "Commercial aviation in the Asia-Pacific region to the end of the century and beyond" in Singapore. 23-nation confer-ence in Ottawa on "Open skies" agreement (until 28th). TUESDAY: US retail sales (January), Mr Hans Modrow, East German Prime Minister, Helmut Kohl, West German Chancellor (also 14th). NFU annual meeting. WEDNESDAY: Index of output

of the production industries (December). US business inventories (December). Argentina and Britain hold high level talks in Madrid on restoration of diplomatic rela-tions. Soviet Parliament in session. COCOM executive committee meets in Paris.

THURSDAY: Capital expendi-ture by the manufacturing and service industries (fourth quarter provisional). Labour ment and unfilled vacancies (January provisional); average earnings indices (Decem-ber-provisional); employment, hours, productivity and unit wage costs; industrial disputes. US housing starts (January). Mr George Bush, US President, attends anti-drug summit in Columbia. EC-A-SEAN ministerial meeting in

FRIDAY: Usable steel production (January). Public sector borrowing requirement (January). Retail prices index and tax and price index (January). US merchandise trade (December) and Industrial

THE MARKET was quiet yesterday, investors again appeared reluctant to commit themselves, as the stockmarket Continued to move uncertainly indeed, the London Traded Options Market, had one of its slowest days so far this year,

though there were some leatures in a limited number of stocks. In particular, Asda, Lathyokes, and United Biscuits were more servely traded. But the FT-SE 100 index stock option remained thinly dealt and institutions were not in the market.

The LTOM traded a total of The LTOM traced a total of 23,788, of which 13,323 were calls and 10,445 were puts. Yesterday's total compared with a turnover of 28,715 contracts on Thursday. CALLS - PETS Age Jul Bet Jul Jul Bet

240 25 % 63 92 14 17 240 144 25 32 19 22 27

Shell Trans. 460 32 50 60 12 18 23 C482 1 500 12 28 35 35 37 45 zation (January).

LONDON TRADED OPTIONS

The FT-SE Index option was the busiest, trading a total of 4,296, up slightly on Thursday, though dealers said the market had been quiet. Yesterday's total was

3,173 puls.
Dealers seld the market had focused on the brisk trade in the FT-SE futures market, though it falled to provide extra business for the options market. Institutions were said to be active sellers of the futures index, which helood to the tutures index, which helped to deprese the cash market.

depress the cash market.

Among the stock options, Asda was the busiest, trading 1.813 contracts. This included 1,733 calls and 80 puts, with the October 110 call series the busiest, turning over 1,650 lots. The stock

Brit Aero (*535.)

CALLS PUTS Age 3d Set Age 3d Set

500 - 35 50 - 24 27 542 4 - - 39 - -Mar May Mar May for Jul Apr Jul Fab May

Nor they has they has 390 384 494 66 84 184 23 420 204 334 494 214 324 374 Fit for Jan Fit Apr Jan

finished 2 lower at 108p on a turnover of 4.1m shares. Trading was boosted by a purchase of 1,640 contracts by BZW of the October 110 calls at 16p.
Other stocks that featured

Other stocks that featured included Amstrad, where 1,645 lots changed hands. The March 50 calls was the busiest series, trading 565 lots.

Ladbroke traded 1,556 contracts, of which 1,124 were calls and 432 were puts. The July 280 call series was the busiest trading 552 lots. ing 552 lots.
United Biscuits was also active.

as 1,102 lots changed hands. This was divided between 552 calls and 550 puts. The October 330 put series the busiest, trading 350

February 9 Total Contracts 23,768
Calls 13,325 Pets 10,445
FT-SE Index Calls 1125 Pets 3073
Erro FT-SE Calls 251 Pets 59
"Underlying security price. 1 Long dated copiny setts 1050 264 684 954 214 474 544 1108 13 452 714 564 764 814

FT-ACTUARIES SHARE INDICES Compiled by the Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries EQUITY GROUPS & SUB-SECTIONS Est. Gross Est. Earnings Dir. P/E xd adj. Day's Yield's Yield's Ratio 1990 Index Change IMax.) (Act at (Net) to date No. Figures in parentheses show index number of stocks per section No. 1 CAPITAL 6000S (203) 822.52 -0.8 12.68 4.83 9.46 2 Building Materials (27) 1837.60 -0.9 14.48 5.19 8.61 3 Contracting Construction (37) 1499.71 -0.6 16.47 5.25 7.95 4 Electricals (10) 2532.53 -0.7 18.63 4.91 11.63 Filestronics (30) 1995.53 -0.4 9.31 3.74 13.84 534.33 -0.7 88.53 6 Engineering-Aerospace (8) 439.70 -1.6 13.75 7 Engineering-General (44) 470.75 -0.8 11.92 8 Metals and Metal Forming (b) 470.75 -0.9 25.08 3.74 13.86 5.02 8.93 5.01 10.10 21 CONSUMER GROUP (177)... 1259.37 -0.8 8.97 22 Brewers and Distillers (22)... 1460.88 -1.5 9.57 25 Food Manufacturing (19)... 1183.43 -1.1 9.71 2.09 18.72 5.33 9.39 6.06 10.58 4.26 11.88 4.30 12.80 6.88 6.33 tadex Day's Day's Day's Feb Feb Feb Feb Feb Feb Year No. Change High fall Lew (b) 8 7 6 5 2 ago FT-SE 100 SHARE DIDEXA J 2313.61 -17.4 2323.9 2308.5 2331.01 2307.4 2321.11 2348.41 2355.11 2056.1 2463.7 3 /1 /901 1694.5 8 /2 /881 2463.7 3 /1 /901 906.9 23/7 /84 FIXED INTEREST nd adj. nd adj. today 1990 to date 10.72 10.34 8.88 9 /2 /89 8.77 9 /2 /89 8.79 8.75 10.04 9.26 8.92 25 years. 5 years. 1 Up to 5 years ... -0.11 | 115.36 1.39 2 5-15 years 124.57 -0.07 124.65 1.38 3 Over 15 years.. 133.54 +0.04 | 133.48 0.33

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EXTRACTS FROM THE CHAIRMAN'S STATEMENT

66 1989 has been another year of substantial progress for Securiguard. Profits, earnings and dividends have all continued their strong upward trend and the strategic development of the Group has continued both in the United Kingdom and in the United States.

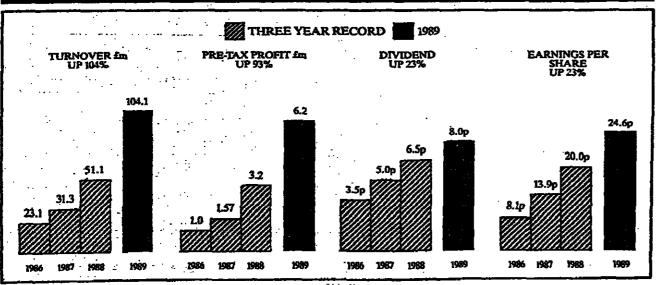
Your Directors are confident that the Group has the breadth in diversity and strength of management to prosper notwithstanding an economic downturn either within the U.K. or U.S.

Early indications are that the Group's businesses are performing well and that another excellent year is in prospect. ??



ALAN BALDWIN Chairman

SECURITY GUARD SERVICES - CONTRACT CLEANING RECRUITMENT PERSONNEL SERVICES - COMMUNICATIONS





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Society .

Bond wins loan reprieve but receivers stay at unit

By Chris Sherwell in Sydney

MR Alan Bond, whose debt-burdened business empire is under siege from its numer-ous creditors, lost an important battle on one legal front yesterday but unexpectedly won a breathing space on

The defeat came in Melbourne where, in a stinging judgment, the Victorian Supreme Court upheld the controversial appointment on December 29 of receivers to Bond Brewing Holdings, the group's cash-generating busl-ness which makes Swan, Castlemaine XXXX and Tooheys

lager.
The judge condemned the Bond group's conduct of its case. He attacked its resort to accusations of lying and conspiracy, and said it deliberately kept from the court people with direct knowledge of the issues and as much financial and accounting information as

The relief came in Sydney, where Bond Media, which operates the Channel Nine television network and a string of radio stations, learned that repayment of a A\$367m (US\$278m) facility could wait until March 28. Bond Media's problem arose

10 days ago when a bank syndicate led by National Australia Bank (NAB) demanded immediate repayment. The two sides went to the New South Wales Supreme Court, but in a sur-prise development yesterday NAB agreed to postpone further action. Significantly, at the end of

March Bond Media is due to repay A\$200m to Mr Kerry Packer, the former owner of Channel Nine. Mr Packer recently launched a hostile takeover bid for the company to recoup his money, and yesterday's moves give Bond Media extra time to restructure its finances rather than suc-

By contrast, Mr Justice Beach's decision in the Victo-rian Supreme Court to stand by his appointment of receivers to Bond Brewing represented a big setback for Mr

The appointment arose from an application by another bank

syndicate, also led by NAB, which claimed persistent breaches of loan covenants relating to an A\$880m facility. In a 250-page judgment the judge said he had made the

order because he was satisfied it was the appropriate course to adopt. Nothing had occurred since to change his view on the "Indeed, the matters disclosed during the course of the hearing before me have simply served to reinforce the views I formed on December 29," he

The Bond group now wants a stay of the receivership order while it appeals against the decision to the court's full bench and, if necessary, to the High Court in Canberra.

The receivers, Mr David Crawford and Mr Charles Fear, of KPMG Peat Marwick Hungerford, reiterated last night that they remained in control of the Bond Brewing businesses and assets, and would "continue to manage them in a fashion consistent with the best interests of all

Charge hits Marine Midland

By Our Financial Staff

MARINE MIDLAND Banks, the New York-based subsidiary of Hongkong and Shanghai Banking Corporation, slid into loss in its latest quarter after an unexpectedly large boost in provisions for US domestic loan losses, and its credit ratings were yesterday called into appetition of a result.

question as a result.
The US\$175m charge, described as a special addition to the reserve for domestic loans, formed the bulk of total loan provisions of \$263.3m, up from \$102.6m. Weakness in the US market for commercial

property was blamed.

The fourth-quarter net loss was \$120m compared with net

Apple appoints

European arm

By Louise Kehoe

in San Francisco

new president of

APPLE COMPUTER has

appointed a new president of its European division to

who was promoted to chief

operating officer 10 days ago. The president of Apple

Europe will be Mr Soren Ols

son who has directed Apple's

Swedish subsidiary since 1984.

successor to Mr Spindler reflects Apple's determination

to re-establish quickly stability

in its fragmented management

The swift appointment of a

profits of \$41m for the three months to December 1988. This dragged down full-year net earnings to just \$14m from the previous \$161m.

the rating agency, placed the bank's A3 senior debt rating under review for possible downgrade. It said this reflected its "concern with deteriorating fundamentals for Marine Midland" but said having Hongkong Bank as owner held "offsetting strengths." Marine Midland said: "With-

out this special charge to profits, net income would have been \$177m for 1989," adding that it increased the domestic

Australian gold mining indus-try took a big step forward yes-

terday when Australmin,

which owns the Tuckabianna

mine in Western Australia.

provisionally accepted an A\$78m (US\$59m) cash and share offer from Newmont Australia, already one of Aus-

Australmin and its two main

shareholders, Australian Oil &

Gas Corporation and National

Investment Group, said they would accept Newmont's offer

for at least 50.1 per cent of the

tralia's largest gold miners.

By Kenneth Gooding, Mining Correspondent

RATIONALISATION of the target company "in the

loan loss reserves "in light of uncertainty in the economy." The results will not neces-sarily impact directly on fig-ures for 1989 expected next month from Hongkong Bank. The parent, which moved to full control of Marine Midland Moody's Investors Service, in late 1987, announces its prof-

> transfers to or from its sub-stantial inner reserves. Interest income at the US unit rose 9 per cent last year to \$2.78bn but interest expenses jumped 17 per cent to \$1.80bn. Income from other operations

absence of any higher offer."

In the six months to Decem-

ber 31, Australmin reported an

A\$6m net profit compared with

period of 1988 on revenue

to A\$19.7m

which increased from A\$2.6m

Proposed terms are one New-

mont Australian share for each

Australmin share; or \$A1.05

cash per Australmin share plus

one Newmont share for 20 Aus-

tralmin shares; or a combina-

tion of cash and shares at the

shareholders' election.

10.000 in the san

99.7% purity (\$ per tonne

its only after undisclosed

rose 25 per cent to \$393m. Total assets climbed 4 per cent to a Australmin backs A\$78m Newmont Australia offer

> also been encountering pressure from representatives of the self management councils set up in industry from 1981 onwards to permit employee

Correction

NET PROFITS from continuing operations of the New York Times Company were \$68.2m in 1989. This figure was wrongly described yesterday

Polish trading group to be privatised

By Christopher Bobinski

UNIVERSAL, a successful Polish foreign trade company is to be one of the first to be privatised under the Government's free market policies, according to Mr Dariusz Przy-wieczerski, its managing direc-

Universal, once a traditional state trading organisation specialising in white goods, was turned into a joint stock com-pany with a 51 per cent state holding in 1984. The remain-ing shares are held by state sector producers and retailers who trade through the com-

pany. Last year Universal's hard currency sales were worth \$175m while it imported goods worth \$122m. Sales to soft currency countries amounted to 117m roubles (\$198m) while soft currency imports

amounted to 255m roubles. Mr Przywieczerski says he hopes to see the 51 per cant share owned directly by the Treasury go on sale in Poland as well as abroad by May this year. He is ready to see foreign ownership of the company extend to 85 per cent.

The sale is to be managed by Bank IG, the Hungarian bank which is itself soon to be privatised and in which Universal has a 12.5 per cent shareholding. The Bank IG flotation is being advised by the London-based First Europe Equity and

The plans for Universal come as work on draft privatisation legislation is entering its final stages, with approval by the Council of Ministers before being sent to Parlia-ment expected within two

Doubts remain, however, on how the permissible foreign share holding in privatised. companies is to be regulated. Differences on who is to oversee foreign investment have also emerged between the Finance Ministry's privatisa-tion unit and the Foreign Trade Ministry's investment agency. The extent to which profits may be transferred abroad has also still to be

The privatisation unit has share ownership schemes

New York Times

as net profits.

Publicis seeks Eastern promise

nly two years ago the executives of Publicis, the largest French advertising agency, were flying to and fro across the Atlantic to thrash out final details of a partnership with Foote Cone & Belding (FCB), one of the lead-

Now they are setting their sights further afield — on the Pacific Rim — as the two agencies begin talks with Japanese companies to extend their part-nership into Asia. The disussions are at an

early stage. But links with a Japanese partner is essential if FCB and Publicis are to become a truly international force in the advertising indus-

Together they already own the largest network in Europe and the sixth largest world wide. Yet they are peripheral players in the increasingly important Asian markets.

Only a few years ago the prospect of expansion into the Pacific Rim would have seemed remote, at best, to the Publicis executives in their Paris headquarters by the Arc de Triomphe. Publicis has been a force in

French advertising since it was founded -- by Mr Marcel Bleustein-Blanchet -- in the 1920s. By the mid-1980s it had established a network of European agencies and was handling large accounts - including Renault, L'Oréal and Colgate Palmolive - across the conti-

But its tiny New York agency was still too small for it to operate as an international agency in North America.

By the mid-1980s the advertising industry was becoming increasingly internationalised. The established US networks The established US networks

- Young & Rubicam and
McCann-Erickson, part of
Interpublic - were opening
new offices in Europe. Three
other US companies - Needham Harper, BBDO and Doyle
Dane Bernbach - joined forces
to form Omnices

to form Omnicom. Saatchi & Saatchi led the UK agencies in a string of interna-tional acquisitions. WPP Group of the UK bought two bastions

Alice Rawsthorn on a drive by France's largest advertising agency, led by Maurice Lévy (right), to become a truly international force through expansion into the increasingly vital

Asian markets								
PUBLICIS								
	Sales FFr	Het profit FFr						
1986	6.5bn	73m						
1987	7.2bn	87m°						
1988	8.6bn	123m						
1989†	14.5bn	150m						
1990†	16.5bn	180m						
ar-about I	Marian Had a							

of US advertising, Ogilvy & sions to create a partnership.

Mather and J. Walter ThompAfter many trans-Atlanti

Other French agencies were becoming more ambitious. Eurocom, Publicis' chief competitor in France, formed HDM when Havas, one of its agencies, joined forces with Y&R of the US and Dentsu of Japan. Publicis was in danger of being

"If you are going to be a strategic partner for an interna-tional client, you have got to be represented all over the world," says Mr Maurice Lévy, chairman and chief executive.

The first priority was the US. The problem was that Publicis could not have raised the £300m to £400m (\$507m to \$676m) needed to buy a hig US agency without incurring huge borrowings or issuing so many shares that the founding family - which owns 75 per cent of its equity - would have lost control.

The solution arrived in the autumn of 1987 when FCB asked whether Publicis was for sale. Publicis responded by asking whether it could buy FCB. They then began discus-

After many trans-Atlantic trips the two companies agreed that FCB would take 26 per cent of Publicis Conseil – the subsidiary that owns Publicis' advertising interests — while Publicis would take 20.5 per cent of FCB. The two companies would merge their agen-cies in Europe and Publicis' clients would have access to the

FCB network elsewhere. The interests of the two agencies were reasonably complementary; FCB was strong in North and South America while Publicis' strength was in Europe. There were also few conflicting accounts between the two companies.

ublicis then began to integrate the European agencies. In some countries, such as Spain and Italy, the FCB and Publicis agencies merged and it also acquired local agencies. In the UK, where there were potential account conflicts, the two agencies remained indepen-

The reshape is now nearly completed. Publicis has just

finished restructuring its West German agencies and is now studying how to strengthen its

Scandinavian interests.
It is also investing in media buying. The French media buying sector has become increasingly competitive in recent years, chiefly due to the influence of Carat, the media business recently bought by WCRS

of the UK. Last year Publicis became a minority shareholder in Interplans, which owns the Idémé-dia buying operation. It has since centralised its media buysing in France – through a new operation called Optimedia – and in other countries like Italy and West Germany.

Publicis also intends to

expand in areas such as direct marketing, sponsorship and programming, possibly through acquisitions.

The partnership with FCB has enabled Publicis to steal a

march on the other French agencies – Eurocom, RSCG and Boulet Dru Dupuy Petit (BDDP) – which are now redoubling their efforts to expand internationally.
One school of thought in the

advertising industry says that a partnership, like that of FCB and Publicis, cannot produce the coherent international advertising campaigns that multinational companies need.
Mr Lévy is convinced the
partnership has been worthwhile. He believes it would
have been more difficult for Publicis to have won international business from compa-nies like Colgate Palmolive and Johnson Wax without the FCB

Enskilda Research, the securities house, expects Publicis to report net income of FFr150m (\$26.5m) on turnover of FFr14.5bn in 1989 and FFr180m on FFr16.5bn in 1990.

In the meantime Publicis is setting its sights on the Far

East.
It is not yet certain which
Japanese partner FCB and
Publicis will choose or how the deal will be structured. "All we know for sure is that it will all take a very long time," says Mr Lévy.

Quake claims knock Travelers

By Roderick Oram in New York

TRAVELERS, a leading broad-range US insurer, has reported a big fall in net profits for the fourth quarter, partly because of heavy claims following the San Francisco earthquake in October.

Net profits for the three s ended Decemi \$149m or 42 cents a share, from \$249.7m or \$2.47 a year earlier. Total revenues were \$3.2bn against \$3bn, of which premiums were \$1.9bn against \$1.6bn and net investment income \$927m against \$951m.

Profits would have fallen far further but for three special gains; a \$63.7m net investment gain, a \$30.8m tax benefit and a \$56m gain from a divestiture.
These were partially offset by a \$77m charge for streamlin-ing operations and claims losses of \$20m from natural disasters. The year-earlier fig-ure included \$107m gams from asset sales and \$7m from catas-

Net profits for the full year were \$455m or \$4.37, compared with \$55m or 44 cents a year earlier (depressed by large additions to real estate reserves). Total revenues were \$12.5bn against \$12.3bn. Premium income was flat at \$7.8bn and net investment income was \$3.6bn against

With Hurricane Hugo devas tating the Carolina coast in September and the San Francisco earthquake, US property insurers had a bad year. Travelers said its after-tax catastrophe losses were \$86m last year, up from \$21m in 1988.

The company suffered \$13m net loss on its overall property-casualty lines because of the catastrophe losses and regulatory restrictions on rais ing premiums to cover normal claims costs. The year-earlier loss was \$29m.

Property casualty's combine ratio for the year was 116.8 per cent, up from 105.8 per

HIGH GRADE COPPER 25,000 fbs; cents/fbs

Close Previous High/Low

Ferruzzi boosts Béghin-Say stake

GRUPPO Ferruzzi of Italy has raised its stake in the capital of Beghin-Say, the French sugar group, to 51.2 per cent from a previous 46.2 per cent following the purchase of a block of 599,288 shares yesterday, Reuter reports

ELEMENTS.

A Ferruzzi official said his group previously had 63.64 per cent of the voting rights in Beghin-Say. He gave no details of the vendor of the block of shares, which was traded at FFr311 per share. This repre-sents a total price of FFr486m (\$85.7m) for the 5 per cent block.

Béghin-Say shares closed yesterday down FFr23 at

Chicago

SOYABEANS 5,000 bu min; cents/60th bus

WORLD COMMODITIES PRICES

(Prices supplied by Amalgamated Metal Trading)

AM Official Kerb close Open Inte

1448-50

8734 lots

CHANGES	prices	on week	890 -	1969/90	1989/90
Gold per troy oz.	\$415.75	-2.00	\$405,25	\$420,25	\$356.5
Silver Per troy oz	314.35	-1.55	339.65p	376.150	313,900
Aluminium 99.7% (cash)	\$1440.0	-4.5	\$2357.5	\$2610	\$1394.5
Copper Grade A (cash)	£1359.5	-5	£1935	£1982.5	£1301
Lead(cash)	£446	+ 16	2375.5	£487.5	£337
Nickel (cash)	\$8350	+ 262.5	\$1852.5	\$19350	\$5887.5
Zinc (cash)	\$1400.5	+44.5	\$1757.5	\$2107.5	\$1266
Tin (cash)	\$6310	+65	£4325	\$10760	\$8240
Cocoa Futures (May)	€632	-1	2865	2947	£622
Coffee Futures (Mar)	£591	÷3	£1193	£1270	2572
Sugar (LDP Raw)	\$360.4	+1.8	\$250	\$381.0	\$235,8
Barley Futures (May)	£109.35	-2.40	£111.35	£113.85	\$100.95
Wheat Futures (May)	£116.55	-2.75	£114.5	£121,65	£104.7
Cotton Outlook A Index	76.0c	+0.40	63.80c	84.95c	61.35c
Wool (64s Super)	556a	-12	680p	710p	568p
Rubber (Spot)	-		61p	64p	52.5p
Oil (Brent Blend)	\$19.175z	-0.90	\$17.80	\$21,975	\$16,125
Per anne unless otherwise stea					

SPOT HANKET:	3			COCCA	- Land	on POX		Zhorane
Crude oll (per ba	mei FOB)		f or -		Close	Previous	High/Low	
Dubai		\$16.20-6.252		Mar	- 618	614	618 613	
Brent Blend		\$19.15-9.202		May	635	622	633 623	
W.T.i. (1 pm est)		\$21.85-1.872	2 0.47	Jul	643	634	642 636	
Oil products	_			Sep	661	650	861 653	
(NWE prompt des	very per t	nne CIF)	+ 01-	Dec	685	674	685 678	
Premium Gasolin	16	\$224-226	-1	Mer	705	697	705 700	
Ges Oil		\$189-176	÷1	May	72t	714	715 713	
Heavy Fuel Oil Nachtha		\$92-93	+1.5	Turnove	r: 4361 (4	947) lots o	f 10 tormes	
Patroleum Argus	Estimates	\$196-200	+2	1000 H	dicetor o	rices (SS)A	is per konnek	. Daff
Other				price for	r Feb 87	39.25 (735.	849 10 day a	AGL SE
Gold (per tray or	14	8415.75	+ or -		9 754.35			-
Silver (per troy o	2)4	527c	-1.20 -5	COFFEE	t – Lond	lent PUX		(IDRINE)
Platinum (per tro	y (OZ)	\$508.75	¥1.25		Close	Previous .	High/Low	
Paltadium (per tr		\$135.85		Mar	983	576	584 571	
Aluminium (free		\$1435	+ 15	May	591	584	595 579	
Copper (US Prod	(DCBL)	103 g-105c		Jul	604	601	606 594	
Lead (US Produc Nickel (free mark	(Sr)	40.5c	_	Sep	617	613	619 609	
Tin (Kuala Lump	ur merkelî	285c	-5	Nov	83 5	926	635 625	
Tin (New York)	-	287c	-2	Jen	663	642	853 642 850 650	
Zinc (US Prime t	Nestern)	65 ¹ 4C	_	Mer	667	<u> 650</u>		
Cattle (live weigh	nt)†	107,55o	-2.80*	Turnove	r: 2700 (3	1414) lots a	f 6 tonnes	
Sheep (dead wel	ghat	200.60p	-6.65*	ICC Indi	locator ori		mits det bout	nd) to
Pigs (live weight)†	92.26p	+4.73*	Feb 8: C	iomp, dali	ly 63.71 (62	.74). 15 day 8	A-01=0
London daliy sug		\$360.4x	-1,0	62.49 (6:	2.33)			
London daily sug	par (white)	\$434.0x	-2.4	SUÇAR	- Lend	POX	(\$ per	tonne
Take and Lyle ex			-1.0	Rang	Close	Previous	High/Low	
Barley (English 1 Maize (US No. 3		£113.75 £127.6	-1.5	Mar		327.20	333.00 327.2	_
Wheet (US Dark	Northern)	£127.0 £129	-1.5 +1	Mar May	333.20 333.40	327.60	333.20 327.2	
Rubber (spot)	,			ÁUQ	331.00	325.60	330.00 325.0	0
Rubber (Mar)		Unq 55.50p	-0.25	Oct	319.60	315.80	319.80 316.0	0
Rubber (Apr)		58.50a	-0.25	Dec	314.00	914.00	310.00	_
Rubber (KL R93	No 1 Mar	231m		Mar	297.00	292.80	296.00 293.0	0
Coconut oil (Phili	ippines)§	\$400t		Mey	294,00	291.60		
Palm Oil (Malays	ilan)§	\$282.5z	+5.0	White	Clase	Previous	High/Low_	
Copra (Philippine Sovebeens (18)	15)5	\$260 £158	-10.0	Mar	437.4	434.8	435.0 432.0	
Soyabeens (US) Cotton "A" index	:	76.0c	-1.0 -2.5	May	432.0	430.0	432.0 425.2	
Wooltops (64e Su	iper)	556p		Aug	483.5	432.0	433.5 429.5	
				Oct	399.0	398.5	369.0 366.5	
2 a tonne unless	Otherwise	stated p-pe	ence/kg.	Dec	375.5	374.5	367.0	
c-cents/lb. r-ring v-Jan/Mar. w-Fe	groxy. X-1 h z-Mar	tMest Con	HariApr.	Mar	369.0	369.0 369.0	367.0	
everage latstock	prices. *	change from	a week	May	389.0			
ago. ♥London ph	rysical mai	ket SCIF Re	derdam.	Tombre	r:Raw C	9018 (4277)	lots of 50 t	OPINGE
Buillon marks	t close. m-	-Malayskan c	ents/kg.	White 17	10 (1579)) 	_u sine 240	E 1/m
				2460, Au	og 2500. (Oct 2315, D	re): Mar 2481 ec 2190, Mar	2170.
CRUDE OIL - II	ME .		S/barrel	GAS OF	L - ME			Monne
Leton		us High/Lo			Latest	Previous	High/Low	
Mar 19.00	_	19.61 1		Mor	106.00	163,50	198.50 163.0	<u>-</u>
Apr 19.22		19.23 1		Apr	162,75	161.60	163.00 160.5	đ
May 18.98		18.99 1		May	161.75	161.00	161.00 160.0	
Jun 18.85				Jun	160.75	160.00	160.00 159.0	0
PE Index 19.60	19.88			أول	169.50	161.50	159,50	
Turnover: 11459 (10190)			Tipping.	6300 A	910)lots of	100 tonnes	
				1 45 174 70		/		

доррег,	Grade A (£ per ton	ne)			imperos, ranying		
cash month	1359-6 a. 1364-6		1359-60 1366.5-7.0	1375/1360 1372/1360		1380-1	13736 lots	against March op Dollar firmed, the liquidation, Support
.eed (2 j	per tonne)	<u> </u>				Ring tu	mover 16,475 tonne	levels to steady p
Sesti months	445-7 8 424-5		129.5-31.5 118-8	449/437.5 430/418.5	437.75-38 420-1	427-9	2474 lots	remained in a na-
datel (\$	per tonne					Ring t	urnover 1,008 tonne	Copper futures ra
aah monthe	6340-6 6 6340-6		3250-75 3250-60	6326 6390/6300	6300-25 6300-10	6330-80	2022 lots	that both LME are
ta (\$ pe	r tonne)					Ring	turnover 285 tonne	week. Crude oil fa
Cesh month	6300-2 8 6420-4		5270-80 390-400	6440/6400	6270-90 6400-10	6400-20	686 lots	the defensive in il
Inc, Sp	icial High	Grade (\$	per tonna)			Ring tu	mover 23,850 toone	over possible ship
ash months	1368-4 1388-9		1382-5 1375-7	1420 1410/1380	1418-20 1407-8	1388-00	6517 lots	Mexico and a doc Sugar futures leaf
3nc (5 p	er tonne)					Ring	turnover 600 tonna	
lest Aarch 30	1390-4 3 1380-7		375-85 1345-65	1410	1410-5 1385-95		724 lots	expiry. However, p and local buying p
POT: 1.	wing 5/5 r 68		nontha: 1.661		6 months: 1	.6363	9 months: 1,5133	through the signifi
OTATO	: XES — PF			£/tonne	LONDON BI	LLION MARKI	T	and fund buying. T soyabean complex
	Close	Previous	High/Low	·	Gold (fine oz	\$ price	trelavlupe 2	from a combinatio
ipr izy	189.4 212.0	188.5 212.5	192.5 188.5 215.0 211.5		Close Opening	415½-416 418¾-419¼	247 ¹ 2 -248 246 ³ 4 -246 ¹ 2	purchase of wheal interest by the So
(ATTROVER	7 305 (589)	lots of	10 tonnes.		Morning fix Afternoon fix	415.50	247,443 '245,974	been complex, sur values. Indications
OYAM	AN MEA	L - 200	<u> </u>	£/tonne	Day's high Day's low	419-419 ¹ 2 415-415 ¹ 2		helped firm com to were featureless a
		Previous			Coles	\$ price	£ equivalent	closing firm to unc
pr en	128.00 125.00	129.00 127.00	128,50 128,0 125,00		Mapleteaf Britannia	426-431 426-431	252-255 252-255	weekend position
wg	124,50	127.00	124,50 124. 20 tonnes.		US Eagle Ancel	426-431 428-431	252-255 252-255	New York
en Hosse	L 1 (A (145)	promator a	CV EACING.		Krugerrand New Sov.	418-419 98-100	246-248 58-59- ¹ 2	GOLD 100 troy ez.; \$/1
	T FUTUR		# P105-4	ex point	Old Sov. Noble Plat	98-100 514 60 570 75	58-59 ¹ 2 304.50-309.50	. Ciose Provi
HEAT IN				ex point	PIRE	514,60-522,75	304,30-306,30	Feb 416.2 418.7
-		1575	High/Low 1600 1588		Silver fix	p/fine oz	US cts equiv	Mar 418.0 420.5 Apr 420.6 423.5
eo ler pr		1603 1616	1635 1612 1639 1620		Spot 3 months	\$14.35 323.95	531.60 542.40	Jun 425.1 429.1 Aug 431.6 454.2
5	1994	1975	1202 1205		G manha	222.02	- CO OF .	Dag 441 0 445 2

OS (581	Sikots of 4	? tonnes.	Morning fix Afternoon fix		0		247,443 245,974	
			Day's high Day's low	419-4 415-4				
N NE	AL - MPE	£/tonne						
lose	Previous	High/Low	Colina	\$ pric	20	1	Wlupe 3	alent
28.00	129.00	128.50 128.00	Mapleleaf	428-4			252-255	
25.00 24.50	127.00 127.00	125,00 124,50 124,50	Britannia	428-4			252-255	
			US Eagle	426-4			52-255	•
10 (18	5) lots of 2) tonnes.	Angel Krugerrand	428-4 418-4			252-255 248-248	
			New Sov.	96-10			28-28 ½	
			Old Sov.	98-10			8 59 ¹ 2	
PUTUE	183 – BPI	S10/Index point	Noble Plat		D-522.7		04,50-3	09.30
loss_	Previous	High/Low	Silver fiz	p/fine	107		JS cts o	outy
900 120 125 184 905	1575	1600 1588	Soct	<u></u> -				
52U 838	1603 1616	1635 1612 1639 1620	S months	314.35 325.05			91.60 142.40	
384	1375	1398 1385	6 months	337.8			53.65	
905	1496	1505 1506	12 months	361.60			\$77.70	
583	1583							
38 (44)	0)		TRADED OPT	_ <u>-</u>				
			Alumintum (9:	<u> </u>		<u>alis</u>		Puts
OPE		£/tonse	Strike price \$	tonne	Mar	May	Mer	May.
lose	Previous	High/Low	1400		5 0	76	9.	22
		112.20 111.75	1450 1500		25	47 27	27 89	42 72
12,20 16,20	112.35 116.65	116.25 115.90			10			
8.36	118.60	118,35 118,35	Copper (Grad	6 A)	C	كالج	F	Pute
16.05	106.00		2200		109	127	17	60
29.00	108,95		2250		76	96	32	81
	Previous	High/Low	2300		48	56	85	137
6.85	107.25	107.00 106.40	Coffee		Mar	May	Mar	May
19.35 13.45	109,55 104,00	109.25 109.00 103.75 103.75	550		34	62 F2	1	
		Sarley 56 (46).	600		3	24	20	12 34
nts of 1	402 (371). I	om (or ∫or)	650		3	9	67	. 69
		_	Cocca		Mar	May	Mar	May
			550		67			
PE	(Ca	sh Sattlement) p/kg	600		23	46	8	14
loso	Previous	High/Low	650		3	20	36	38
2.0	111.0	111.0	Breat Crude		Apr	May	Apr	May
5.0 6.5	115.6 116.0	118.0 115.0 116.0 115.0				 -		
6.5	115.0	116.0	1900			55	42	41
			1350			35		88
8 (15)	lots of 3,25	D ilg	2000			17		

US MARKETS

THE PRECIOUS METALS railied in

early trading, reports Drexel Burnhan Lambert. Silver being the main mpetus, rallying on continued covering against March options. As the US Dollar firmed, the metals fell with long liquidation. Support emerged at lower levels to steady prices, which range for the rest of the session. Copper futures rallied on expectation that both LME and Comex stocks con fall in figures to be released next week. Crude oil futures remained on the defensive in light trading. Coffee futures railied in response to concer over possible shipment problems in Mexico and a dock strike in Brazil. Sugar futures featured early selling one dealer inadvance of March opti expiry. However, persistent trade, fu and local buying pushed values up and fund buying. The grains and soyabean complex derived strength rom a combination of a possible ourchase of wheat by China, possible nterest by the Soviet Union and, in t bean complex, supportive offshor values. Indications of good sales vere featureless and lackiustre losing firm to unchanged on pre

BOIT	100 troy	oz.; S/troy o
	Ciose	Previous
Feb	416.2	418.7
Mac	418.0	420.5
Apr .	420.6	423.5
July	425.1	429.1
Aug	431.6	454.2
Deg	441,0	445.2
ADr	453.5	456.3

514.5 620.0 627.0

PLATRIUM 50 troy oz, \$/troy oz.

SILVER 5.000 troy az cents/tray az.

534.3 542.8 551.2 550.0 571.8 533.0 642.0 650.0 569.0 Feb 2 Feb 8 minth ago yr ago 1786.6 1777.2 1816.5 1943.3 128.45 127.86 130.15 130.85 inot 128.48 Tubures 130.30

417.3 418.0 423.8

415.8 418.0 419.5

	_			
Feb	102.35		102.50	102.40
Mar			101.70	100.80
Apr			100.35	100.35
May			100.10	99.30
			0	0
		97.20		96.00
wg				Ð
Sep	96.90			97.20
				0
				9
SRIN	DE CAL IL	iahti 42 00) (IS galle S	Vhormal
	Lates	Previou	s High/Lo	₩
vier	21.82	22.09	22.07	21.75
\pr				21,41
day				21.20
lui,				20.73
	20.61			20.50
XX	20.30		20.30	20.17
lav	20.27	20.12		20.12
Jec .	20.21	20.05	20.30	20.06
= -				
	MU VAL	ISJULU US (Jens, Cens	عالفو 19/
	Latest	Previous	Hohto	
				5470
gar Agre				5415
				5330
ď				5265 5270
80	5481			5350 5480
lot	5650	5508		5560
lov	5620	5576		5620
80	5695	5645		6840
				_
OÇO	A 10 tons	es:\$/tonne	9	
			HIGH/LO	<u>-</u>
er.	972	952	975	251 ·
zy.			975	958
A			980	967
				0
				0
•				0
) THE	E ~C~ 37	,500lbs; çe	nts/fbe	
				
				82.25
y				83.45
_				85.70
-				87.25
				89.45
-				0
ĭ				94.00 96.00
		<u> </u>	IOO lbs; cen	te/lbs
	Close	Previous	High/Low	
v -	15.15	14.8=		
EV .				14.84
1				14.82 14.85
t	14.35			14.22
	13.65			13.51
by .		13.42	0 .	0
лто	Ni 50.000	Carolin (libra		
	₩	Previous	High/Low	_
	67,43	67.17	67.80	67.28
Y	68,74	98.50		63.60
ŀ	68.95	68.74	69.30.	68.80
e	84.91	64.95	65.25	64.90
		65.60	0	0
AN	E JUNCOS	15 000 n-	onete (the	
			COLUMN TOR	
	Close	Previous	High/Low	
r	197,40	196.50	198.25	404.00
3	193.40	195.40		196.50
	191.60	199,40	196.80	192.70
			163.40 168.60	190,70 187,00
	187. 10			187.60
j P	187.10. 180.00	189,40 182 60	100.00	
 P	180.00	162.60	180.00	180.00
P 1	187.10 180.00 182.00		180.00 179.00	
	Marray Ma	Mar 101.25 May 99.50 May 21.82 May 21.83 May 2	Mar 101.25 98.75 Apr 100.35 98.86 May 99.50 98.40 May 99.50 98.70 May 97.55 98.70 May 97.55 98.70 May 97.55 98.70 May 97.55 98.70 May 98.95 98.25 May 21.92 21.85 May 20.91 20.98 May 20.91 20.91 May 20.91 Ma	Mar 101.25 99.75 101.70 Apr 100.35 98.85 100.35 May 99.50 98.40 100.10 May 99.50 98.40 100.10 May 99.50 98.40 97.70 98.50 May 97.55 96.70 97.70 0 May 99.55 96.70 97.70 May 21.53 21.55 21.70 May 20.81 20.86 20.91 May 20.81 20.86 20.91 May 20.81 20.86 20.91 May 20.81 20.88 20.91 May 20.81 20.88 20.91 May 20.81 20.80 20.30 MEATING CIL 42,000 US galls, cents Latest Previous High/Lo May 5596 5532 5560 May 5596 5532 5560 May 5596 5545 5405 May 5596 5546 6715 DCOA 10 tonnes; fromnea Close Previous High/Los May 971 965 975 May 981 986 987 989 May 98.75 5861 99.9 May 1055 1041 0 May 1056 1041 0 May 1057 1044 1050 0 May 1058 1041 10 May 1058 1041 0 May 1058 1041 10 May 1058 1041 10

10.80 10.35	_	Close	Previous	: High/Lo	XW	
1.30	Mar	506/4	594/6	570/4	. 564/2	
	May Jul	578/0 589/0	576/2 587/8	582/0 593/0	575/6 587/4	
1.00	Aug	502/4	591/4	596/0	591/0	
.20	Sep	591/0 596/0	589/2 592/6	593A) 598A)	589/4 892/0	
	Jan	604/0	601/4	607/4	602/4	
el	, Mar	815/0	612/0	615/0	612/0	
ы	. <u>soy</u>	ABEAN O	L 60,000 lbs;	cents/lb		_
.76		Close	Previous	High/Lo		_
.16 .41	Mer	19.43	19.38	19.50	19.33	_
.20	May Jud	19.76 19.93	19.67 19.89	19.81 19.99	19.64	
.73 .50	Aug	19.91	19.90	19.99	19.83 19.91	
.17 .12	Sep	19,91 19,65	19.85 19.82	19.98 19.90	19.86	
.12 .06	Dec	19.02	19.89	79.90 20.02	19.85 19.85	
عاله	SOY	ADEAN ME	AL 100 tons	S/Ion		_
		Close	Previous	High/Lo	<u> </u>	-
70	Mar	167.3	167.1	168.D	168.7	_
15	May	171.2 174.5	170.8 174.0	171.9	170.6	
90 	Aug	176.2	174.0 175.8	175.2 176.8	173.8 175.6	
70	Зер	177,8	177.5	178.5	177.3	
50	Oct	179.0 181.4	178.7 181,4	179.6 182.2	178.7	
15 90 95 70 90 90 90	Jan	182.5	182.5	182.5	181.1 182.5	
20 IC	MAZ	E 5,000 bu	min; cents/	60b bushel		-
		Close	Previous	High/Lov		_
	Mar	239/6	239/0	240/0	288/4	-
	May	245/0 246/0	244/4 248/2	245/4 240/2	244/0	
<u> </u>	Sep	24641	245/6	246/4	247/6 246/6	
	Dec	244/0 250/2	243/6 250/0	244/4 250/8	243/2 249/4	
	May	254/0	253/4	254/2	253/6 -	
	WHE	T 5,000 bo	min; cents/	60lb-bushe	<u> </u>	-
		Close	Previous	High/Low	, 	•
	Mar May	387/0 367/2	382/4	388/0	383/4	•
	الدائد	347/2	356/0 348/2	369/0 350/4	367/2 347/2	
5	Sep	354/4 365/4	354/4	358/2	354/4	
18	Dec. Mar	372/0	365/2 372/0	366/6 372/4	365/4 372/0	
10 15 15	LIVE		,000 lbs; can		3/2/0	•
_		Ciose	Previous	High/Low		•
10 10 -	Feb	78.22	79.55	79.50	79.10	•
	Apr Jun	77.10	77.A?	77.32	76.97	
	Aug	72.35 71.02	72.82 71.37 72.72	72.75 71.35	72.30 70.97	
 .	Oct .	72.37 73.10	72.72 73.40	72.65 73.40	72.35	
<u>.</u> 2	Feb	73.00	73.35	73.45	73.07 73.00	
ē 2	LIVE	OGS 30,00	10 lb; cents/l	be		,
5 .		Close	Previous	High/Low		٠.
	Feb Apr	49.05 45.85	49.05	49.20	48.85	•
	Jun	51.97	47.12 52.15	47.15 62.15	46.85	
В.	ريخ وينگ	51.80 50.02	52.06	52.05	51.85 61.70	
5 D	Ort	45.87	50.25 45.95	50.35 45.90	49,90	
Ď	Dec Feb	48.00 46.75	46.00	46.15	45.60 45.96	
•		BELLING 4	46.75 0,000 lbs; ce	0	0	
		Ciose			·	
		49.70	Previous 50.55	High/Low		
<u> </u>	Feb Mar	49.02	50,87	50.70 51.05	49.50 49.75	
30 70 70 30	May	51.17 51.37	52.18 52.37	52.22	51.00	
, O	Aug	49.40	50,40	52.50 50.10	51.80 49.30	
XQ.	Feb	54.25	55.05	56.30	44L20 54.25	

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5 March, 1990 **Royal Lancaster Hotel** London

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RANVI

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ì	Kigh	Low	Company	Price	Change	dir (p)	*	P/E
1	343	295	Ass. Brit. lad. Ordinary	342xd	0	10.3	3.0	9.2
ı	38	19	Armitage and Rhodes	19	0	-	_	_
1	210	149	Bardon Group (SE)	180	0	43	2.4	17.5
	125	102	Bardon Group Cr Pref (SE)	111	0	· 6.7	6.0	_
ĺ	123	74	Bray Yechnologies	77	0	5.9	7.7	6.8
ı	110	95	Bremhill Comy. Pref	95	0	11.0	11.6	-
ı	104	95	Bremhill 8 % % New C.C.R.P	95	0	11.0	11.6	_
ı	312	285	CCL Group Ordinary	312ml	0	14.7	4.7	3.9
Ì	176	165	CCL Group 11% Conv. Pref	169	+1	14.7	8.7	-
ļ	225	140	Carbo Pic (SE)	210	0	7.6	3.6	12.4
1	110	109	Carbo 7.5% Pref (SE)	110	٥	10.3	9.4	-
1	7.5	0,125	Magnet Gp Non-Voting A Cov	0.125	0	-	-	-
ı	5	0.125	Magnet Gp Non-Voting B Care		0	-	-	-
ı	130	98	ISM Group	98xd	-1	8.0	8.2	5.6
ı	145	58	Jackson Group (SE)	110	0	3.6	3.2	12.8
ì	322	257	Multihouse NV (ArestSE)	257	0	-	-	_
ı	158	98	Robert Jeakles	132mf	0	10.0	7.6	4.8
ı	467	365	Scruttors	366	0	18.7	5.1	9.7
I	300	270	Torday & Carlisle	297	0	93	3.1	10.3
1	117	100	Torday & Carlisle Cor Pref	104	6	10.7	10.3	
i	160	106	Unistres Europe Coay Pref	160	+1	9.3	5.8	
ı	395	332	Veterinary Drug Co. PLC	332	-7	22.0	6.6	9.4
ı	370-		W.S.Yeates	294	-1	16.2	5.5	24.5
ı			*		_			

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CURRENCIES, MONEY AND CAPITAL MARKETS

tinued to concentrate on the D-Mark, with the market shrugging off news of a sur-

prising high rise of 1.8 per cent in January US producer prices.

This was the higgest monthly

rise for 15% years, but was mainly the result of bad

weather putting up food and

At the London close the dol-lar improved to DM1.6750 from DM1.6725; to SFr1.4965 from

SFr1.4945; and to FFr5.6925 from FFr5.6850, but fell to Y145.15 from Y145.35. The dol-

after a director of the Swiss

National Bank said tighter

monetary policy is not the answer to the franc's weak-

Average values of the main

rading currencles against the dollar in January were: sterling 1.6518; D-Mark 1.6913; yen 144.85; Swiss franc 1.5167; and French franc 5.7550.

2 72-2 6/9 m 2 72-2 6/9 m 1 28-1 28 m 1 27-1 33 m 1 27-1 33 m 1 402-84 500 m 6 25-6 75 ds 0 55-6 150 m 100-125 m 120-15 00 as 4.78-5, 15 ds 120-15 00 as 4.78-5, 15 ds 0 46-0 43 pm parpent 3 db 0 39-0 53 ds 0 41-0 87 pm

lar's index rose 0.1 to 67.L The Swiss franc traded qui-etly, but had a soft undertone,

energy prices.

LIFFE LONG GILT FUTURES OPTIONS CSO, ROD 64th; at 180%

Estimassed volume (glad, Calls, 1996 Puts 715 Previous day's egen int. Calls 26935 Puts 17568

Calif-st May 3-15 2-19 1-28 0-47 0-21 0-07 0-03 0-02

LONDON (LIFFE)

Estimated volume 4100 (4429) Previous day's open lot. 5905 (6049)

TRACE MONTH EURO Slav points of 180%

Mar Sep Dec Mar Sep Dec

Mar Jua Sep

±1.5508 ±1.6453 ±1.1762 ±1.3618 ±1.5272 ±1.6689 ±1.5162 ±4.2705

251-152 811-02 12-111 91-9 91-9

+1.19 +1.00 -0.36 +1.09 -0.24 +0.75 -0.52

Clase High Law 96.63 96.75 96.48 96.60 96.58 96.38

100 91.62 91.51 91.48 91.26 91.20 91.10

91.18 90.97 91.02

88.57 88.55 88.55 98.89 89.14

High 88.70 88.66 88.95 89.15

Close High Low 2319.0 2346.0 2317.0 2342.5 2407.0 2418.0 2418.0

POUND-S (FOREIGN EXTRANGE)

THEM-STEELING So per E

Spot 1.6930

91.65 91.67 91.54 91.73 91.73 91.13

Est. Vol. (Inc. Figs. not shows) 6877 (5796) Prorious stay's open Int. 39082 (39230)

P:er. 96.23 96.16

Parts set Mar 0-03 0-07 0-16 0-35 1-09 1-59 2-55 3-54

FINANCIAL FUTURES AND OPTIONS

LIFFE US TREASURY BONG FUTURES OFTENS \$100,000 6405 of 100%

Estimated volume total, Calls 605 Pees 1015 Prevent Cay's open let Calls 9764 Pees 4567

94-17 94-17 94-17 94-03 93-25 93-15

High 92.44 92.57 92.65 92.49 92.35

PHILABELPHIA SE E/S OPTIONS 531,258 (costs per £1)

BANKING DEPARTMENT

LIABILITIES

ASSETS

18 YEAR 18% NOTIONAL FRENCH BOND MATUR FUTURES

327 239 1-247 0-17 0-07 0-03 0-01

CHICAGO

LIFFE BUND FUTURES OPTIONS 09/250,000 points of 100%.

P#3-22 0.22 0.65 0.64 1.12 1.83

0.5968 0.5965 0.5961 0.5993 0.5959 0.5989 0.5953 0.5987 0.5955 0.5975 0.5952 0.5982

91.55 91.55 91.55 91.55 91.55 91.55 91.55 91.55

Open lat 63,634 19,9% 5,206 3,052

Sept.

315

1,294,418

11,968,215 23,998,323

10,735,689

+

Pats Just 0.59 0.90 1.24 1.65

58,757

STANDARD & POORS 500 INSEX \$500 times jaces

FOREIGN EXCHANGES

D-Mark loses its momentum

FFr3.4022 from FFr3.4001 at the

Pris.Au22 from Pris.Au01 at the Paris fixing, but fell back to FFr3.3985 at the London close. In terms of the lira, the D-Mark advanced to L744.10 from L743.75 at the Milan fixing, but eased back to L744.00 at the London close. The D-Mark fell to Y86.55 from Y86.90 against the yen at the finish of trading

the yen at the finish of trading

There was little movement

among currencies in the Euro-

pean Monetary System. The

lira remained at the top of the EMS, but was within its cross rate limits against the weaker

Sterling benefitted from ner-vousness about the D-Mark and the combination of UK

political stability and high London interest rates. The

pound rose to DM2.8350 from DM2.8255. It also gained 60 points to \$1.8330, and climbed to SFr2.5325 from SFr2.5200; to FFr9.8375 from FFr9.5970; and to Y245.75 from Y245.25. Sterlings index y245.25.

ling's index rose 0.3 to 89.4. The dollar showed small

Netherlands Belgium Desmark Jreland W Gessary Portugal Sooin Raby Horway France Seediss Lapan Assiria Seediss Seediss

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Commercial rates cales (assures the end of London trades) if UK, include and ECU are quoted in US carriery. Forward precision, and disciones anyly to the US dellar and not be the individual convexy. Belgian rate is for convertible stress. Forward for the US dellar and not be the individual convexy. Belgian rate is for convertible stress. Forward for the US.

POUND SPOT- FORWARD AGAINST THE POUND

EMS EUROPEAN CURRENCY UNIT RATES

EURO-CURRENCY INTEREST RATES

Long term Eurodolines: two years 9-8% per cent; there years 91₂-9 per cent; four years 91₂-91₄ per cent; five years 91₂-91₄ per cent; goer cent; five years 91₂-91₄ per cent; goer cent; goer cent; five cent; five years 91₂-91₄ per cent; goer cent; goer cent; five cent; five years 91₂-91₄ per cent; five years

EXCHANGE CROSS RATES

3.400 39.21

10. 3.805

4,767 16.24

76.86 3.014 116.5 4.568

Yes F.Fr. S.Fr. R.Fl. Lira CS B.Fr.

1128 1301

3.318 -1.263

1516

245.8 9.638 2.533 3.198 2110 145.2 5.643 1.496 1.889 1.246

0 893 10.31

2628 1

0.792 1.200

1.253 4 268

amounts agalest Eco Feb.9

42_1679 7.79845 2.04446 6.85684 2.39358 0.763159 1529.70 132.889

Short temp

151-141 5-8-8-1 123-124 8-8-8-1 8-7-8-1 8-7-10-1 13-11-10-10-1 105-10-1 105-10-1 124-12 84-8-9

Feb 9

Feb.9

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DM

86 70 1000.

1 402 121.6 4 777 414.2

Yes per 1,000: French Fr. per 10: Lisa per 1,000: Beiglan Fr. per 100.

from central rate

+1.19 +1.00 +1.09 +1.09 -0.24 +0.75 -0.88 -0.52

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P.S.

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in London.

members.

STERLING ADVANCED and the dollar was steady, as the foreign exchanges paused to take further stock of the situation involving German mone-tary union and the possibility of eventual political unification of the two German states. West German officials were at pains to reassure the political and financial community about any possible threats to stability in

Mr Helmut Kohl, West German Chancellor, goes to Moscow today and is expected to visit Washington later this month, in a bid to gain international acceptance for a united Germany. Mr Karl Otto Pöhl. Bundesbank president, expressed reservations about German monetary union, earlier this week, but yesterday expressed his support for the

Government in such a move. Nevertheless the D-Mark weakened, although this was partly a technical correction after the recent sharp rise. The West German currency rose to

E IN NEW YORK Feb.9 Presson Class Lanca 1 6900-1 6910 | 1 6935-1 6945 0 87-0 86pm | 0 89-0 87pm 2 72-2 69mm | 2.75-2 72pm 9 40-9 30pm | 9.37-9 30pm

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Vax without the fi 8 30 9 00 10 00 11 00 2 Research, the sa se, expects Publish t income of Fried on turnover (in 1989 and Fran oen in 1990 **CURRENCY RATES** meantime Politics s signes on the h

Earth 1944 Sterlung & U. S. Dollar Canadian S. Asazrian Sch. Belgian Franz Danish Knote Danish Knote Denische Rarik Reth Gelider French Franz Italian Lira: Japannes Von Morway Krene Spanish Personal Servicia Knota Servas Franz Greek Brach Irish Best. Greek Brach Irish Best. ot J'et certain 🖦 1,27183 1,32958 1,5912 46,3857 8,56648 2,21402 7,53008 1647,18 193,454 8,57856 143,653 N/A 1,9770 208,691 B/A partner PCB at the b be structured 'Alla sure is that it will A load time, sup zzi boosts In-Say stake Ferrozzi of Bayle stake in the capel

Scerling quoted in terms of SDR.and SCU.per f., t European Commession Calculations. • All SDR rates are for Feb.8 the French se **CURRENCY MOVEMENTS** 51.2 per cent fra: io.2 per cent file Fds.9 England Index rurchase of a blod: tares yesterday, E -223 -110.9 -122 -123.3 -125.6 +16.7 -124.7 TELL OFFIcial Said! tytously had 63.68 the roting rights ndor of the bloda baich was traded er share. This 🖙 stal price of Fire ion the 5 per E

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Horgan Guaranty changes: average 1980-1982-100. Basis of England Intes Blase Average 1985-1009*Rates are for cit.8. OTHER CURRENCIES \$\frac{3118.95 \cdot 3205 \cdot 0 \cdot 1895.00 \cdot 1896.00 \cdot 1896

FORWARD RATES AGAINST STERLING min mas mas min mas mas min ma

MONEY MARKETS

Longer rates firm

LONGER TERM interest rates had a firmer tone in London yesterday, on fears of higher West German rates. Three-month sterling interbank was unchanged at 15%-15% per cent but 12 month money was cent, but 12 month money was quoted at 15½-15½ per cent, compared with 15½-15½.

Fixed period rates were steady in Frankfurt, with three-month funds unchanged

at 8.10 per cent. Call money was unchanged at 7.80 per cent. Confidence was helped by the comment from Mr Karl Otto Pöhl, Bundesbank president, that he sees no major obstacles in financing unification of the two Germanys or a

UK clearing bank base leading rate 15 per cent from October 5

monetary union. He added that union need not have inflationary effects, but stressed that monetary policy

must stay tight. On Liffe June short sterling weakened in fairly active trading. Any upward move in German rates can only delay a cut in London rates, according to dealers, and increases the danger that UK bank base rates will rise. Against this background June short sterling opened lower at 85.37, and fell through support at 85.30, to a Federal funds low of 85.29, before closing at 8% per cent.

85.33, compared with 85.39 on Thursday. The Bank of England initially forecast a day-to-day credit shortage of £450m on the London money market, but revised this to £500m at noon. Total help of £422m was

provided. Before lunch the authorities bought £205m bank bills outright, in band 2 at 14% per cent. In the afternoon £217m bank bills were purchased in band 1 at 14% per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £328m, with a rise in the note circulation absorbing £435m, and bank balances below target £45m. These factors outweighed Exchequer transactions adding £375m to

At the weekly Treasury bill tender in London the average rate of discount for 91-day bills rose to 14.4955 per cent rom 14.4760. The £500m bills on offer attracted bids of £1.65bn. and applications for bills dated Monday to Friday, at the top accepted rate of discount of 14,4997 per cent, received about

68 per cent. In New York the US Federal Reserve drained money from the banking system, via weekend matched sale and repurchase agreements, when Federal funds were trading at

FT LONDON INTERBANK FIXING (21.00 a.m. Feb.90 3 months US dollars 6 montes US Dollars offer Big

Priore rate 10 Two sporth 8.01 Four year 8 8 8 8 8 8 8 8 8			IONE	Y RAT	TES		
Prior rate 10 Two month 3.01 Four year 8 8 8 8 8 8 8 8 8	NEW YORK			Treasur	y Blils and	Bonds	
Frankfort	Broker lago rate	_ 10 - 94 - 82	Two month Three month Six month One year		8.01 Four 8.05 Fine; 8.13 Seven 8.08 10-71		8.36 8.37 8,40 .,,,,,,, 8,39
Paris 10.5-10.5 10.9-10.6 11.5-11.6 12.5 12.5 12.5 12.5 12.5 12.5 12.5 12.5	Feb.9	Overeight	One Month				Looperd Intervention
LONDON MONEY RATES	Paris	87-94 87-94 87-888 64-61 125-127 7.45	10H-10H 95-91 882-892 6H-64 135-134		114-114 95-94 8-90-9-00 641-7-1 154-134 105-105		8.00 9.50 - - - -
		LOND	ON M	ONEY	RATI	ES	

Feb 9	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
sterbank Offer Herbank Bid Lerling CDs	1415 10	15 143	154 154 154	151, 154, 154, 141	15.4 15.4 15.4 15.4 14.8	15 2 15 1 14 (
acal Authority Deps ocal Authority Bonds iscount Witt Deps	144	143 143	1413	141	: <u> </u>	14%
ompany Deposits Inance House Deposits		= 1	143 15 154 144 144	15	15 15 <u>4</u>	1411 151
reasury Bilts (Buy) ank Bills (Buy) Ine Trade Bills (Buy)	=	-	144 151 8.32	15 144 144 154 154	14 \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	_
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CU Linked Dep. Offer . CU Linked Dep. 8 id	-	-	10%	號	計	91 11,3 11,4

ECU Linked Dep. 81d	•		104	11.4	11.49	1214
Treasery Bills (sell), the month 14% per cent discount 14 4955 p.c. Ed. Agreed rates for period 6, fill 16 43 p.c. Referes 15.199 p.c. Local Authorities Per cent. (sinder one months 13 per cent. (sinder one months 13 per cent. (c. 9, 1989 - Deposits w	n, three mo CGD Fixed R Februay 26 nee rate for grity and Fi te 151; from Certificates one cost, One	mins 142 F ate Sterling 1990 to Ma period Dec. mance Hous of Tax Depx e-three mon elve months	er cent; 19 Export Fina urch, 25, 199 30, 1989 to 55 Seven day 1 . 1990: B usit (Series i ths 13 per i 13 der cent:	pastry Bills; ance Make (90, Scheme January, 31 ys' notice, o ank Deposit b); Deposit	p day Janua in 15 B9 p.c. 1990, Sci thers seven Rates for St 5100,000 a	iry,31,1990 ., Schemes II heme IV&V: days' fixed. ums at seven nd over held 13 per cent:

1-mth. 1.6844 1-mth. 1.6844 1-mth. 1.6844 1-6796 1.6516 1.6304	22103 (22324 3-mth. 6- 1.6660 1: High 1.6814 1:	mth. 12-srth. 6408 1.5997 1.6810 1.6810 6514 1.6546 6300 1.6312	ASSETS Government Securities Advance and other Accounts Advance and other Accounts Advance and other Accounts Notes Notes Coin ISSUE DEPARTMENT LIABILITIES Notes in circulation Notes in Banking Department ASSETS Government Debt Other Securities Other Securities	742,157,142 1,822,011,524 3,575,422 236,884 3,686,090,675 14,976,424,578 3,575,422 14,980,000,000	+ 220,939,096 + 151,591,832 - 4,279,617 - 9,567				
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Three Months	Six Months	Longued Intervention		ser & Pters 15½	TSB 15				
00-8-20 14-11 4 15-94 90-9:00 41-7-5 14-13-1 14-13-1 14-11-5	8.45-8.55 - - - 115-118	8.00 9.50 - - -	Bank of India 15 Bank of Scribbad 15 Bank of Scribbad 15 Bank Belge Ltd 15 Barchark Bank PLC 15 Berchmark Bank PLC 15 Brit Bk of Mid East 15 Broad Studen 15 Broad Studen 15	Trest Pic	United Bloof Kovait				
ATE	ES .		CL Bank Nederland 15 • Leopold Jo Charterhouse Rask 15 Liowis Rask	reest & Sons 15	Members of British Merchant Backing & Securities Hooses Association. Deposit now 5.9%				
Three Months	Six Months	One Year	City Merchants Bank 15 McDonnell Cyclesdate Bank 15 Midland Ba	Desiglas Bink. 15	Saverise 8.5%. Top Tier £10,000+ iestant access 12.8% & Mortgage here rate. § Demand deposit 9%,				
151 ₆ 151 ₆ 151 ₉ 141	15 d 15 d 15 d 15 d 14 d	150 150 141 144	Comm. Bit. 4. East 15 Mount. Ran	nking	here rate. § Demand deposit 9%, Mortgage 15.2% - 15.95%				
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15.7 8.34 91. 11.4	14 \\ 14 \\ 8.42 \\ 9 \\ 9 \\	8.64 91, 91,	i I	March 1990	etaile alexte conjuct				
114	113	112	For a full editorial synopsis an		ciziti, prost winner				
ts 1413 pa pury Bills; te Make (, Scheme anuary 31	er cent; 83ni; Average te up day Janua i: 15 89 p.c i: 1990, Sc	k Bills (sell): inder rate of ary.31 ,1990 Schemes II theme IV&V: days' fixed.	JONATHAN WALLIS on 01-873 3565 or write to him at: Number One Southwark Bridge Landon						

BANK RETURN

Wednesday January 7, 1989

1,517,359,242 2,097,547,685

3,686,090,675

FINANCIAL TIMES

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.
Unless otherwise indicated prices are in pence. The prices are Unless otherwise indicated prices are in pence. The prices are in the 24 hours up to 5 pm on

those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thurs-

for those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the international Stock Exchange of the United Kingdom and the Republic

Corporation and County Stocks No. of bargains included 1 Greater London Council 6%% Stk 90/92 -597 % 8% (7Fe90) Birmingham Corp 2%% Stk 1926(or after)

£97 (7Fe90) Wigan Corp3% Red Stk - £19 (7Fe90) **UK Public Boards** Agricultural Mortgage Corp PLC5%% Deb Stk 93/95 - 280%

SOK 93/95 - 180% 81% Deb Sik 92/94 - 179% % % 64% Deb Sik 92/90 - 194% © 9 % 74% Deb Sik 91/93 - 124 (7Fe90) 10%% Deb Sik 91/93 - 1291% (7Fe90) Port of London Authority 3% Port of London A Stk 29/99 - £45% (5Fe90)

Commonwealth-Government Jersey Electricity Co Ld6% Gkd Stk 2000 - 250 (2Fe90) 8% Gkd Stk 2000 - 235 (6Fe90)

Foreign Stocks, Bonds. etc-(coupons payable in LOTIDOR) No. of bargains included 20 Hungary (Republic of) 7%% Stig Bds(Ased Lon 1968 Sett) - £65 (FFe90) Agnoutural Mortgage Corp PLC 11%% Nts 1994 (Bt21030,10300&100000) - £94.1 (2F-980) (2Fe90) Anglo Group PLC9%% Cnv Bds 1999 глары чегоир FLC9%% Cnv Bds 1999 (Reg) – £103 \$ (7Fe90) Argyll Group PLC4%% Cnv Bds 2002 – £98% 2002(B:21000826000) - 2101 % (SFe90) B.A.T.International Finance PLC 10% Gid Ns. 1991(Br25000) - 293% % (SFe90) Banque Nationale De Parts 10% Nts 1594 - 289Ф

- 1894

Berclays Bank PLC 10%% Senior Subord
Bds 1997 - 230 % (2Fe90)

Blue Circle Industries PLC 6%% Subord
Criv Eds 2002 - 104%

Boots Finance Ld6% Criv Cap Bds 2005
(BA) - 299 (Br) - 299 British Telecom Finance BV8%% Gid Bds 1999 (Br/\$500\&50000) - 355% (TFe80) British Telecommunications PLC9%% Nts 1893 - 290\PM %\PM

1993 - 290 % AP Commercibank Overseas Finance NV9% % Nts 1992 - 291% Demmark/Kingdom of)11%% Bds 1994 ~ 295% 295%
Disons Group (Capital) PLC6% Cnv Gid
Bds 2002 (Br£5000850000) - £59%
Disportinans AS 10%% Nis 1994
(Br\$01000810000) - \$096% (2Fe60)
Seneral Motors Acceptance Corp 8%%
Nis 1994 (Br\$1000,100008100000) \$37% [2Fe60]

597 % (21-890) eneral Motors Accept Corp Canada 9%% Nts 5/5/93 (Br\$C1000&10000) - \$C94% (%-650) 10%% Nts 26/1/94(Br\$C1000&10000) -10%% hts 28H/94(Br\$C1000810000) \$C97% (\$Fe90)

Grand Metropolitan PLC6K% Subord Crw
Bds 2002 (Br25000) - £101

Halfaus Building Sociativy Fig Rate Lin Nts
1992(Br25000) - £100.02 (7Fe90)
FiggRateLinNts 1995(Ser
A)(Br250000860000) - £399/Ф

Hanson Trust PLC10% Bds 2006
(Br25000) - £30 (\$Fe90)

Holson Capital Ld7% Crw Cap Bds 2004
(Reg) - \$8% (\$Fe80)
7% Crw Cap Bds 2004

(Reg) - 95% (brasu) 7% CmV Cap Bds 2004 (Br21000&10000) - 297% (Br3C1000&9000) - \$C36.825 (7Fe90) 9%% Debs Sers GY 8/8/95 - 287% %

(27-90)
11%DBSSerHCS/2/99(Br\$C1000,10000
8100000) - \$C99% (27-90)
Lederoke Group PLC5%% Subord Cnv
Bds 2004(Br\$100085000) - £102
Land Securities PLC5%% Bds 2007 275.99 919
275.99 919 £75.9♥ .91♥ 8½% Cnv Bds 2002 – £84¼♥ Leeds Permanent Building Society 10½% Subord Bds 1998 (8/25000) – £87% ½ (2Fe80)

(27 est) Legal & General Group PLC 12%% Nts 1992 - 136% % (27e90) MB Group PLC5%% Subord Cnv Bds MB Group FLOS % Second Care Second 2002 - £106 % MEPC PLC 104 % Bds 2003 - £80 % National Mutual Group Finance Ld 10% Mts 1993 - £50 % % (2Fe60) New Zealand 9 % % Bds 1995 - £87 %

New Zealand 9%% Bds 1995 − 287% (6Fe80)
9%% Nts 1993 − 288% (6Fe80)
Norsk Hydro AS 11%% Nts 1991 − 286% ₱ %Ф
Pearson PLC Zero Cpn Bds
1992(8F2100085000) − £74 % (7Fe90)
Perinsular & Oriental Steam Nav Co4%%
Cnv Bds 2002 − £98%
Polite-Royce PLC 9%% Nts 1993 − £98%
Royal Bank of Scotland PLC 10%%
Subord Bds 1998 (Br£5000825000) − £88 (7Fe80)
288 (7Fe80)
Santohi & Sastichi Finance N.V.6%%
RedCrivPrt 200321(Br8ha1000&10000) − £83% 4 (2Fe90)

PedCnvPrl 2002x (page 2014) - 253% 4 (27e90) almotury (J) (Capital) LdB% Cnv Cap Bds 2004 (Brt5) - £107% % Sough Estates PLCB% Cnv Bds 2003 -

S102
Smith & Nachew Finance N.V. 8% Gtd
Red Criv Prt 2004 (Br) – 2105 (8Fe90)
State Bank of New South Wates 15% Nts
1983 (Br\$A100310000) – \$A101.15
(9Fe90)
Sweder (Kinacky & A2007)

(GFe9b)
Sweder(Kingdom of) 9%% Bds 1997 —
206% % (2Fe90)
United Newspapers Capital Ld6% Gtd
Exch Pri Shs — £119 (GFe90)
WCRS (Notherlands Artitles) Fin NV9%%
Gtd Red Cnv Pri 2004 1p(Reg) — 93 3
(2Fe90) (2Fe90) Wooheich Equitable Building Society9*% Fixed Rete/Fitg Rate Nts 1995 - 283.85 4 (5Fe90)

Sterling Issues by Overseas Borrowers No. of bargains included 16

No. of bargains induced to Asian Development Bank 10%% in Stk 2009(Reg) = 291
Australia(Commonwealth of) 11%% in Stk 2015(Reg) = 295% (2FeS0)
Calse Nationale Des Autoroutes 15% Gid in Stk 2006 = £129% %
Credit Forder De France 10%% GidsSelvalfunder 25% (3FeS0) = 290% (France 10%% GidsSelvalfunder 25% (3FeS0) = 290% (FreS0)

5100% 1 13%% Gtd Nts 1983(Br) — 5100% 133% Ger NS 1935(37) - 2100% (\$F890) levment()(Ingdom of)13% Ln Stk 2005 -2105% (?F890) Spotnicka de France 11 %% Ged Ser Ln Stk 2009/12/Reg) - 2107 % 2 suropean investment Bank9% Ln Stk 2007 (Reg) - 282% 9%% Ln Stk 2009 - 285% % % % % %

77690)
10%% Ln Skt 2004(Reg) - 290%
10%% Ln Skt 2002(Reg) - 293%
Finland(Republic of) 11%% Ln Skt 2008(Reg) - 599% % (7680)
1008(Reg) - 599% % (7680)
1008(Reg) - 599% Ln Skt 2015 - 1008

Hydro-Cuebec 12.75% Ln Skt 2015 – £105% 15% Ln Skt 2011 – £121 % (6Fe90) Inco Ld 15% Lns Ln Skt 2006 \$ Rep Opt – £114% \$ k\$ this Ln Skt 2006 \$ Rep Opt – £114% \$ k\$ Ln Skt 2015 – £85% (6Fe90) International Bank for Rec & Dev9% % Ln Skt 2010(Reg) – £55% 11.5% Ln Skt 2010(Reg) – £55% Preland 12% Ln Skt 2008(Reg) – £104% (5Fe90) New Zesland 11% Six 2008(Reg) – £104% (5Fe90) New Zesland 11% Six 2008(Reg) – £55% Nove Scodig/Province of 11% Ln Six Ln Six 2008(Reg)

1957%
Nova Scotle@rovince of 71 %% Ln Str.
2019 - 198% (FF690)
15%% Ln Str. 2011 - 2134% (FF690)
Petroleos Mesicanos 14%% Ln Str. 2008
198 (2F690)
Portugal(Rep of)9% Ln Str. 2016(Reg) 276%
Province 46

276%
Province de Quebec 12%% Ln Stk 2020 – \$103 % © % ©
SperinKingdom off 11%% Ln Stk
2010(Reg) – 599% %
Sweden(Kingdom off 13.5% Ln Stk
2010(Reg) – £114% % % (7Fe80)
United Mexican Stutes 16%% Ln Stk
2006(Reg) – £109 (7Fe80)

Bargains at special prices. • Bargains done the previous day. Banks and Discount Companies

No. of bargains included 2046 No. of bargains included 2048

Ansbecher(Henry)Hidgs PLC9% Cnv
Subcrd Ln Ski 1998 – 288 (SF990)

Australia & Now Zestand Banking Gp New
SA150% POSReg 50% Div Till 30/9/90)

- 190 (2Fe90)

Bank of Instanci(Governor & Co of) 7% Ln
Silk 8891 – 1290 (SFe90)

Bank of Wales PLC 13/% Subord Une Ln
Ski 9897 – 2103 (SFe90)

Barchys PLC ADR (& 1) – 338,9 9%
(SFe90)

(6Fe90) strays Bank PLC7%% Uns Cep Ln Stk 98/95 - D30 (5Fe90) 8%% Uns Cap Ln Stk 86/93 - 125 % 12% Uns Cap Ln Stk 2010 - 1293% 18% Uns Cep Ln Stk 2002/07 - £120% 18Fe90 (8Fe90) tarings PLC7X% Cum 1st Pri 51 - 73 (2Fe90) 8% Cum 2nd Pri 51 - 79% 81©

8% Curn 2nd Pri E1 - 79% B16
Commerzbank AgcCbr(liss Werburg)
DM10 - 523 (2Fe80)
GPG PLC4.2% Curn Pri E1 - 45 (7Fe80)
Kyowa Bank LdShs of Corn Sik Y50 Y1995.2
Lombard North Central PLC5% Curn 2nd
Pri E1 - 45 (5Fe90)
Midland Bank PLC7% Subord Uns Ln
Sik 83/93 - 233 (5Fe80)
10% Subord Uns Ln Sik 93/98 - 293
% (7Fe90)
Missubishi Trust & Banking Corp Shs of
Corn Sik Y50 - Y2822.11 50
National Westminster Bank PLC7% Curn
Pri E1 - 60

Pri £1 - 60 9% Subord Uns Ln Stk 1993 - £27 (7Fe93) 12%% Subord Uns La Sik 2004 -12%% Suport Unit Lin Six 2004 - 12100%
Royal Bank of Scotland Group PLC
Warrants to sub for Ord - 70 (SFe90)
5%% Cum Pri 21 - 53 9% (2Fe90)
58mdard Chentered PLC 12%% Subord
Unis Lin Six 2002/07 - 195%
TSB Group PLC 10%% Subord Lin Six 2008 - 287% % % (FFe90)
Warburg (S.G.) Group PLC Criv Did 25p - 270

270 7%% Curn Pri S1 - 77% (7Fe90) Wells Fargo & Company Shs of Com Six S5 - 238.5 (2Fe90) Wintrust PLC 10%% Curn Pri S1 - 103 11% (7Fe90)

Breweries and Distilleries No. of bargains included 496

Allied-Lyons PLC ADR (1:1) - \$8% 5½% Cum Pri £1 - 50 (Brego) 7½% Cum Pri £1 - 58 (Brego) 3½% Red Deb Sik 87/97 - £53 (ZFeSO) 6½% Red Deb Sik 87/92 - £24 (SFeSO) 6½% Red Deb Sik 88/93 - £83 7½% Red Deb Sik 88/93 - £83 7½% Red Deb Sik 88/93 - £83 7½% Red Deb Sik 88/93 - £83 (7Fe90) New 9%% Deb Stk 2019 - 583.2812 11%% Deb Stk 2009 - 299% % 11%% Deb Sit 2009 - 299% % 5%% Uns Ln Sit - £48 7% (7Fe90) 6%% Uns Ln Sit - £57 (6Fe90) 7%% Uns Ln Sit - £57 (6Fe90) 7%% Ln Sit - £57 (6Fe90)

7% Uns Ln Six = 187 (oresu) 7% Uns Ln Six \$198 = 176% 7 Bass PLCADR (5:1) = \$15.7 16% 18.98 7% Cum Pri 21 = 57 (77490) 3% % Deb Six 87/92 = 180 8% Deb Six 87/92 = 180 8 10% Deb Six 87/92 = 180 8 10%% DBO Set 2019 - 2014 74 74 75 76 77 76 79 91 51x 96*99 - 295 (7Fe90) 10.55% Deb Six 96*99 - 295 (7Fe90) 7%% Uns Ln Six 92*97 - 279 Bass investments PLC6% Uns Ln Six 85*90 - 253 (2Fe90), 7%% Uns Ln Six 92*97 - 277 Boddington Group PLC9% Uns Ln Six 2000/05 - £83 (5Fe90) 9½% Cnv Uns Ln Six 2000/05 - £85 (5Fe90) 9½% Cnv Uns Ln Six 2000/05 - £155 8%

Bulmer(H.P.)Hices PLC8%% 2nd Cum Pri E1 - 86 (5Fe90) w DI CRN 9nd Cum

E1 - 86 (6Fe90)
Fuller Smith & Turner PLC8% 2nd Gum
Pri £1 - 94 (6Fe90)
General Vigility, PLC** Oxt.5p - 2890,
8% Cum Pri £1 - 85* - 204.5p - 2890,
8% Cum Pri £1 - 85* - 206 (7Fe90)
8% ind Uns Ln St - 220
Guinness PLCADR (5:1) - \$55% (6Fe90)
Hardys & Hansons PLCOrd 22p - 940
(7Fe90)
Heavitree Srewery PLC11%% Cum Pri £1
- 120 (7Fe90)
International Distillers & Vintners Ld 4%%
Deb Six 2002/07 - 247
Mansfield Browery PLCOrd £1 - 473
11% Deb Six 2010 - 293% (6Fe90)
Scottish & Newcastle Broweries PLC7%
Cav Cum Pri £1 - 147
Seegram Distillers PLC12%% Deb Six
2012 - 2101.2 % % (7Fe90)
South African Broweries Ld6.2% Cum Pri
P2 - 5 (6Fe90)

outh African Brewerles Ld6.2% Cum Pi R2 - 5 (6FeSO) But Group PLC10.75% Deb Stk 2019 -288% Jamey Menn & Truman Hidge PLC4k% Jamey Menn & Truman Hidge PLC4k% Ind Deb Sit - £39% (7Fe90) 6% Red Deb Sit 8994 - £90 6% Red Deb Sit 8994 - £90 (7Fe90) 7% Red Deb Sit 8993 - £82 (7Fe90) 104% Red Deb Sit 90/95 - £94% (7Fe90)

(7Fe90) 12%% Red Deb Stk 2008 - £101 % 2 12% feet Dep Six 2000 - 1-1-17 (FF-90)
4%% 2nd Cum Pri Six 21 - 40 (FF-90)
6% 3rd Cum Pri Six 21 - 63 (FF-90)
7% 2nd Cum Pri Six 21 - 63 (FF-90)
9%% Red Deb Six 91/36 - 290
7%% Uns Lin Six 95/2000 - 277%
9% Uns Lin Six 98/2000 - 277%
9% Uns Lin Six 98/2000 - 271
10%% Uns Lin Six 2000/05 - 281
5%% Ind Uns Lin Six 2000/05 - 281

Commercial, Industrial, etc No. of bergains included 12252

no. or pergeine included 12252

ADT Ld Com Sins \$8.91 (Restricted Transler) - \$1.8 1.93 1.94

ADR (1011) - \$32.965 3 %

AECL Ld 55% Cum Pri P2 - 25 (SFe80)

AMEC PLC 15% Use In Skt 1992 - 2102

Airtours PLC Warrants to sub for Ord - 7 (67690)

Alcan Aluminium Ld Cosa Shs of NPV - \$20% S20k
Alsoon Group PLC6.25p (Net) Cav Cum
Red Ry 10p. – 107 8
Allied-Signal incSts of Com Six 31 –
220.31 (2Fe80)
Amber Day Hidgs PLC10%% Cum Py 1
99/2002 E1 – 93
American Brends tic She of Com Six.
\$3.125 – \$56% % (6Fe80)
Anglo United PLCCny Red Py 10p – 90
Arcolectric(Mdgs) PLCOrd Sp – 105
(7Fe89)

B.A.T. Industries PLCADR (1:1) - \$13% \$ B.A.T. Investigents PLC 10% Lins Ln Stk 90/95 - £96 10/7% Uns Ln Six 90/95 - £92 (7Fe90) BhS PLC6%% Mig Deb Six 88/94 - £81 (7Fe90) 7 %% May Deb Sik 94/88 - 275 (8Fe90) BICC PLC7% Deb Sik 85/90 - 2101% (6Fe90) 588 90/95 - 684 (5Fe80) 534 Group PL.C4.9p (Net) Crv Cum Red Pri 20p - 128 (5Fe90) BOC Group PL.CAR (1:1) - \$89 12 K% Uns Ln Sts 2012/17 - 287% 8% % (7Fe90) BPB industries PLC7%% Deb Stk 86/91 -294% (2Fe90) B.S.G.Interretional PLC125% Una Lr. St. 93/98 - CS6 (6Fe90) 977 PLC7.Sp(Me) Cov. Cura Red Pri 10p

BIR PLCADR (4:1) - \$29.85 (7Fe60) Bear Brand PLC Warrants to sub for Ord -10.75% (Net) Cay Gum Prf £1 -71 % 2%
Beauford PLC7p (Net) Curn Crur Red Pri
10p - 89 (5Fe80)
Beazer PLC8.57% Curn Red Pri 21 - 20%
Bellway PLC9.5% Curn Red Pri 2014 51
Bellway PLC9.5% Curn Red Pri 2014 51
82% 3 3 (5Fe90)
Bibly(L) & Screp PLC4.2% Curn Pri 21 - 55 (7Fe80)

Birmid Qualcast PLC7%% Uns Ln S8: 87/92 - 285
Birmingham Milm Group PLC6% Non-Cum Prf 21 - 55 (Sre90)
Biackwood Hodge PLC9% Gum Red Prf 21 - 77% 8 (Sre90)
Bius Arrow PLCADR (10:1) - 514%
Bius Circle Industries PLC6%% 2nd Data S8: 1984/2009 - 256% 8%
6%% Uns Ln S8:(1975 or at) - 258%
Booker PLCADR (4:1) - 330.77 (27690)
Boots Co PLC7%% Uns Ln S8: 88/93 - 280
Bowster Industries PLC4.35% Cum Prf 21

u pter industries PLC4.35% Cum Pri 21 Bowater Industries PLC4.35% Gum Pri 2 - 37 (Tree0) Bowthorpe Hadge PLC7% Uns Ln Sek 80:95 - 255 Brainne(I.F.&J.H.)(Hadge) PLC*A* Non.V Ord 25p - 130 (\$Fe\$0) Braitweathe PLC7w Pri 50p - 70 2 Breat Chemicals International PLC5% Cus Red Pri 51 - 83% 5% (\$Fe\$0) Bridge PLC7%% Uns Ln Sek 2002/07 -cas

2ritish Airways PLCADR (10:1) - £19.67 \$ 33%
Initiah Alcari Alturninum PLC 10%% Deb
Six 2011 - £83%
10% Deb Six 88/94 - £32% (6Fe60)
Mish-American Tobacco Co Ld6% Cum
Pri Six C1 - 45 (7Fe90)
Mish Shoe Corp Hidgs PLC 6%% Cum
Pri E1 - 58 (2Fe60)
5% Cum 2nd Pri £1 - 53 (7Fe90)
7% Cum 2nd Pri £1 - 61 (2Fe60)
7% Cum 2nd Six 86/90 - £91 (7Fe90)
Mish Sidao Ld6% Deb Six 85/90 - £33%
(6Fe80)

British Stoop Late B. Les 14 (67-69) British Steef PLCOrd 50p - 133 3 .866 4 4 134 14 5 5 135 14 1 35 1 14 6 6 7 14 1 ADR (10.1) - \$22 14 5 .52 6 .645 6 7792346 .7292449 British Sugar PLC10%% Red Deb Sik 2013 - 290% 2013 - 230% ritish Syphon Industries PLCOrd 20p -170 (76690) rown & Jackson PLC10,75% Cnv Curs Prit 21 - 106 (7Fe90)

Buight(A.F.) & Co PLCOrd Str 5p - 75

Buiters PLC6% Cum Prit 21 - 50 (2Fe9t)

Burzt PLC7% Crw Una Ln Str 96/87 -

Burzi PLC7% Criv Una Ln Stk 95/97 £77 (7F690)
Burndene investments PLC15% Uns Lt
Stk 2007/12 - £102 (7F690)
Burton Group PLC9% Criv Una Ln Stk
1996/2007 - £33 4 5 6
Budin's L07%% 1st Mtg Deb Stk 85/90 £32 (2F690)
CRT Group PLCOrd 10p - 72 3 % ‡
Cadbury Schwieppes PLC8W M Uns Ln Stk
94/2004 - £80 (6F690)
Caird Group PLC7p Cum Criv Red Prf
2009 10p - 116%
Canadian Overs Pack Industr LdCom Nov
- R23 (5F690)
Canning(W.) PLC77% Uns Ln Stk 88/93 £20 (6F690)
Caparo Industries PLC8.75p Dividend Criv 280 (6Fe90) Caparo Industries PLCS.75p Dividend Crv Cum Red Prt 20p – 135 Cape PLC 10% Deb Six 85/91 – 292 (2F680) Carcio Engineering Group PLC10%% Cum Rad Prf £1 ~ 90 (6F680) Cartion Communications PLCADR (2:1) -

225%
Channel Tunnel Investments PLC5p - 117
(7Fe90)
Charringtons Industrial Hidgs Ld 19%%
Uns Ln Sit 93/98 - 259 (SFe90)
Charter Consolidated PLC2p(Br) (Cpn 51) - 35 pr - 35 p ors PLC4%% Uns Un Stk

21 - 22 cels Petors PLC4%% Uns Ln Sik 2002/07. - 245 (7Fe90) 6%% Uns Ln Sik 2002/07. - 262% (77-90)
7%% Uns Ln Sik 90/95 - 278% (77-90)
7%% Uns Ln Sik 90/95 - 278% (77-90)
Costs Viyella PLC4.9% Gura Pri 21 - 50
Cohen(A.) & Co. PLC Non.V "A" Ord 20p 725 (67-90)
Coloroit Group PLC9p Cam Red Pri 2005 10p - 45% pokson Group PLC7% Pfd Ord 50p -Cookson Group PLC 7% File Ord Sup = 34% (27-890)
7% Cum Pd 21 = 62
Cooper (Frederick) PLC 8.5p (Net) Cmr Red
Cum Pg Pri 10p = 84 8 (77-890)
Courtsuids PLC 7%% Deb Six 89/94 --

5%% Uns Ln Sik 94/96 - 270 (7Fe90) 6%% Uns Ln Sik 94/96 - 275% (7Fe90) 7%% Uns Ln Sik 94/96 - 277 Coverude Groot PLC 10%% Cum Prf 21 -95 (7Fe90) Cattle Europe Ld5%% Cum Prf Sik 21 -50 (7Fe90) topper(James) PLC9% Une Ln Stk 94/99 - 277 (5F/990) - 277 (SFe80)
Crowther (John Edward)(Hidge) PLC5%%
Com Pri 21 - 56 (SFe80)
Crystalate Hidge, PLC8%% Cnv Unalin
, Sik 2003 - 270 DAKS Simpson Group PLCOrd 25p ~ 500

(7Fe90) DRG PLC7%% Uns Ln Stk 96/91 - 2874 Dalgsty PLC4.85% Curs Pri 21 - 55 53% (6Fe90) Dana Ld9% Uns Ln Stk 87/82 - 296 (5Fe90) Davies & Metcatie PLC"A"(Non.V)Ord 10p - 288
Debentisms PLC6%% Uns Ln St. 86/91 - 289% (7Fe80)
7%% Uns Ln St. 2002/07 - 286 (5Fe80)
Delta PLC7%% Deb St. 85/90 - 231%

71.% Uns Ln Sit 200207 - 286 (SFe90)
Delb PLC7% Deb Sit 85/90 - 291%
(7Fe90)
Dencora PLC6.25% Cum Cnv Red Pri 21
- 124 (SFe80)
Dewhurst PLC0rd 10p - 80 2 4
Dowly Group PLC7% Cnv Cum Red Pri 21
- 107% % 8
7% Uns Ln 9x 86/91 - 280 (SFe90)
Dyson(L8 J.) PLC7%% Cnv Uns Ln Sit 57/82 - 270 (7Fe90)
E-Systems Inc Com Sits \$1 - 216.20
Egerian Truss PLC7% Cnv Cum Red Pri 21
- 142 (SFe90)
Elbottla, PLC7% Cnv Cum Red Pri 21
- 142 (SFe90)
Elbottla, PLC7% Cnv Cum Red Pri 21
- 220 (SFe90)
Empris Scress Group PLC8% Deb Sit 91/88 - 233 (2Fe90)
Euro Disneyland S.C.A. Sha FR10
(Depositary Recapts) - 210.9 10.9
10.95 10.95 10.96 10.97 10.97 11 11
10.95 10.95 10.96 10.97 10.97 11 11
11.95 11.18 11.18t 11.2 11.3t \$ 18.61
18% 18% 18% 18.65 19 19%
Sits FR10 (gar) - FR10.382168 2 10.9
11.1 \$ 18% 18% 19 FR104 2 .3563 % 5
1.575 .384954 % 7.7 6 .8
European Home Products PLC8% Cum
Red Pri 2001/05 21 - 83 (Fe90)
SX% Cnv Cum Red Pri 2009/11 21 - 69
70
Eurotistnel PLCEurobunnel SAUnita (1

70
Eurotuanei PLC/Eurotuanei SA Unita (1
EPLC Ord 40p & 1 ESA FR10) (9r) –
FR809 81.949
Units (Storvem Inscribed) – 28.49
Executex Clothes PLCOrd 20p – 27 30
Exel Group PLC10%% Cum Pri 21 – 103
8 (5F89) Edel Group PLC104% Cum Pri £1 - 103 8 (\$F80) FR Group PLC7.7% Crw Cum Red Pri 95:99 £1 - 117 (\$F80) Fenderi hiperpetional PLC5.6% 1st Cum Pri £1 - 79 (\$F80) Pshari/Kipert(Group PLCADR (10:1) -\$21% % (\$F80) Fancer PLCADR (4:1) - \$22.20 4.80 % 520 520 SW, Uos Ln Stk 200409 - 257% (87690) Foltour B. Mason PLCOrd 5p - 66 (67690) Fortrum & Mason PLCOrd Stk 21 - 248 Friendly Hotels PLCAW% Cnv Cum Red Pri 21 - 108 5% Cnv Cum Red Pri £1 - 163

177 21 - 108 5%-Cnv Cum Red Pri 21 - 189 7%-Cnv Cum Red Pri 21 - 108 9% ! Netional PLC 10% Una Ln Stk GE internetional PLC 10% Une Ln S8; 87/92 - 288 (7FeS0) PLC 10%% Garl Deb S6; 90/95 - 223% (7FeS0) General Becthe Co PLC ADR (1:3) - \$3.8 7%% Une Ln S6; 87/92 - 228 7%% Une Ln S6; 87/92 - 228 7% Une Ln S6; 87/92 - 228 (6FeS0) General Instrument CorpS8s of Com S8; 51 - \$39.36 (6FeS0) General Instrument CorpS8s of Com S8; 51 - \$39.36 (6FeS0) General Instrument CorpS8s of Com S8; 51/92 - 228 General Instrument CorpS8s of Com S8; 51/92 - 288 General Instrument CorpS8s of Corp S8; 51/92 - 288 General PLC Ord Corp 25p - 227 (2FeS0)

Bastatmer Hadga PLC Ond Cap 25p - 227 22F-930 10% Criv. Una Lin Set 90/95 - 2115 6 9 Basto Group Lid6% Una Lin Set 85/95 50p - 38% (276/93) 74% Una Lin Set 85/95 50p - 39% second (SFe80) Glymwd international PLC771% Deb Stk 88794 - 283 (SFe80) 10%% Uns Lo Stk 94/99 - 287 90 1 (7Fe80) (Orderin PLCOrd 10p - 38 Irand Metropolitan PLC5% Cum Pri 21 -Goodwin PLL Grand Metropolitan PLL-43 (7Fe90) 84% Cum Pri 21 – 53 (7Fe90) 881 % (8Fe90) Great Universal Stores PLC54% Red Uni-Ln Stk - 523% (67690) 8 1% Unis Ln Six 92/68 - 281 % (57680) Hawker Stodeley Group PLC551% Cum Pri 21 - 46 (77680) 7 1% Deb Six 87/82 - 285 (27690) 8 1% Deb Six 87/82 - 285 (27690) Hawkit JJ & Son(Fertion) PLC 10% Cum Pri - 51 - 90.

Herrit(J.) & Son(Fenton) PLC 10% Cum Pri 21 - 90

Hickson international PLC 81% Uns Ln 3st 98/94 - 275 (SF-99)

High Gosforth Park PLC Ond 21 - 248 9 56 (SF-99)

High Gosforth Park PLC Ond 21 - 248 9 56 (SF-99)

High Gosforth Park PLC Ond 21 - 248 9 56 (SF-99)

High Gosforth Park PLC 10% Git Uns Ln Stk 1990 - 237%

Honda Motor Co Let She et Com Six Y50 - Y1785 60 5 70 70 4.68 83.853333 4.63 94.82

Hondardons Hidds PLC 5.25% Cum Pri 21 ions Hogs PLC5.25% Cure Prf £1 Hopkinsons Hogs PLC5.25% Cute P1: - 68 (2Fe90) House of Praser PLC8.5% Lins Ln Stk 63/98 - 280 1% % (7Fe90)

MI PLC7%% Una Ln Six 86/91 - 257% (FFe90)
7%% Una Ln Six 88/93 - 254 (2Fe90)
10stand Frozen Foods Hidgs PLCCM Cum
Red Prt 20p - 81 % 3
18ingworth, Mortis PLC5% Cum Prf Six 51 - 60 (6Fe90)
Inco Engineered Products Ld8% Deb Six 87/92 - 2592 (7Fe90)
Jenners, Princes Street, Edinburgh Ld 10% Cum Prf 21 - 99% (5Fe90)
Johnson & Firth Brown PLC11,05% Cum
Prf 21 - 100 10 (7Fe90)
11% Una Ln Six 93/96 - 257 (7Fe90)
Johnson Group Clearers PLC7,5p (Ner)
Christon Group Clearers PLC7,5p (Ner)
Christon Matthey PLC5% Circ Cum Prf 21

The proof of the first term of the proof of

- 575
87% Mtg Deb Stk 85/95 - 2886
KLP Group PLC Cum Criv Red Pri 10p - 82 (8F-89)
Keisery industries PLC 11 11 % Com Pri 21 - 112 (7F-90)
Keppel Corporation Ld Ord \$51 - \$57.25
490975 493747 % .65
Kershaw(A.) & Sons PLC 8% Com "A" Pri College Corporation Research ET = 80 (5Fe90) Ladbroke Group PLCADR (1:1) = \$5.4 8% Gtd Uns Ln Stk 90/92 = 299% Lamont Hidgs PLC 10% Srd Cum Pri £1 = Leporte PLC8% Deb Six 92/98 - 281 (6Fe90)
Leisure investments PLC7% Cum Criv Red Pri (93/98) 21 - 45 (5Fe90)
Lewis(John) PLC7% Cum Pri Six £1 - 63 (5Fe90)
Lewis(John)Partnership PLC5% Cum Pri Six £1 - 45 (5Fe90)

Lewis(John)Partnership PLC5% Cum Pri Sit S1 - 45 (5Fe80) 74% Cum Pri Sit 21 - 70 (6Fe90) Lax Service PLC2nd Ser Wis To Subscribe for 1 Ord - 1009 6% Cum Pri 21 - 65 Lite Sciences International PLC6% Cum Cnv Red Pri 21 - 215 (7Fe90) Liteshali PLC5% Cum Pri 21 - 45 Lloydf-HLG5% Cum Pri 21 - 45 Lloydf-HLG5% Cum Pri 31 - 55 8181 - 287 (6Fe90)

81/91 - 157 (6Fe90) Lonrho PLCADR (1:1) - \$4.85 (6Fe90) 71/% 1st Mig Deb Sik 86/91 - 188 (5Fe90) 9% 2nd Mig Dab Sik 87/92 - 280 (7Fe90) ow(Win) & Co PLC 6.76% Gum Criv Red Pri 27 - 154% 8 owe(Robert H.) & Co PLC6%% 1st Com yee(RODEN N.)
Pri 21 - 30 (67690)
87.5% (Net) Chy Cum Red Pri 10p - 40
ucas industries PLC 10%% Une Ln St 92/97 - 295 BS PLC6% Cmy Uns Ln Sik 1987 - 240 (SFe90) McAlpine(Alfred) PLC9% Cum Pri 21 -85Φ McCarthy & Stone PLC7% Cnv Uns Ln Sik 99/04 - PRAM / PE-D/m MCCarthy & Sanne PLC7** Car Una Cri Six 99704 - 284% (Freed) Magnet Group PLC7.5p (Net) 1st Red Prf 50p - 7 (8Fe90) Mangarese Bronze Hidgs PLC8%* Cum Prf £1 - 50 Marks & Spencer PLC ADR (6:1) - \$20.84 (2Fe90) Markey PLC67/-% Cum Pri £1 - 50 (6Fe90) Marshalls PLC 10% Cum Pri £1 - 95

Manay PLC 10% Cum Pri 21 — 96 Merca Leisure Group Pi.C 7.25p (Net) Crv. Cum Pri 21 — 96 Mecca Leisure Group Pi.C 7.25p (Net) Crv. Cum Red Pri 20p — 85 9 ½ ½ 50 ½ ½ 1 Medeva Pl.C New Ord 10p (Fp/PA.-29/2/90) — 83 3 Warrants to sub for Crd (Ex Rts) — 65 (/ reary) Nel Corporation Com Shs of NPV = Moure Charlotte investments PLC 10%%
1st Mig Deb Sik 2014 – 258%
NCR CorpCom Sik \$5 – 869%
NMC Group PLC Warrants to sub for Shs
– 77 (7Fe90)
NSM PLC8.5p (Net) Criv Cura Red Pri 10p
– 117 20 (7Fe90)
Next PLC 10% B* Cura Pri 50p – 39% 40
(2Fe90)

(2Fe00) (ormana Group PLC8%% Cnv Uns Ln Sik 9904 - 273 9 (orst Data AS Class "B" (Non Vig) NG20 -NK45% 6.3 North Midland Construction PLCOrd 10p

North Midland Construction PLCOrd 10p - 186 76 (SFe80) Cosonics Group PLC Warrants to Sub for Ord - 15 Owen & Robinson PLC8%% (Net) Cov Cum Red Pri £1 - 87 (SFe80) PFG Hodgson Kenyon Intil PLC 8.75% Cov Pri 81/2001 10p - 77 (77e90) Parklield Group PLC Cum Red Pri 2010/13 aridield Group race £1 - 86 (Sres0) 7% Cum Crv Red Prf £1 - 495 Puridend Taxelle(Hidgs) PLCOrd 25p -

Paterson Zochonis PLC 10% Cum Prf £1 -97 (7Fe90)
Pavilion Leisure Hidge PLCOrd 10p. - 72
½ 3 5 6 7
Pearson PLC3%% Cum Pri 21 - 50
(2Fe90)
5.975% Uns Ln Six 88/93 - 250 (7Fe90)
8.25% Uns Ln Six 88/93 - 220 (7Fe90)
8.25% Uns Ln Six 88/93 - 283%
(SFe90)

(6Fe90) 8.525% Uns Ln Stk 88/93 - 283% 7.5p Cnv Subord La Sik 2002 21/p - 65 Fe90) rd Germar PLC9%% Cum Pri £1 - 91 Pitizard Garmer PLC9%% Curn Prf ST - 91
2% (7Fe90)
Platignum PLC9% Curn Prf S0p - 30
(5Fe90)
Portast Hidgs PLC9%% Crnv Urns Ln Sik
94/2000 - 2185
Principal Hotels Group PLC11% Crnv Urns
Ln Sik 94/90 - 290 (6Fe90)
Cusens Moat Houses PLC10%% 1st Mtg
Deb Sik 2020 - 294% % (7Fe90)
12% 1st Mtg Deb Sik 2013 - 295 ‰€
RLE Alfidga PLC9% Curn Prf 21 - 75
(2Fe90)

REA-Hidge PLC9% Curn Prf 21 - 75
(27690)
RPH LI8% Curn Prf 21 - 72 (27690)
8% Deb Six 9296 - 253%
4%% Urs Ln Six 92004- 270
Racel-Chubb Li8% Urs Ln Six 92206
Recel Chubb Li8% Urs Ln Six 9295 - 282 (67690)
Recel Bectronics PLCADR (21) - \$7.45
46 47.49 % .52
Racel Telecom PLCADR (1:1) - \$81.23.4
(67690)
Renk Organisation PLCADR (1:1) - \$13%
Ranks Hovis McDougall PLC6% Curn 1et
Prf 21 - 61
6% Curn "8" Prf 21 - 53 (57690)
8% Urs Ln Six 9094 - 285 (67690)
8% Urs Ln Six 9094 - 285 (67690)
8% Urs Ln Six 9195 - 594 \$
Ransomes PLC8.25p (Net) Curn Chy Prf
125p - 95
Ransomes PLC8.75p Criv Curn

|2.5p - 95 Iners Group PLC6.75p Criv Cum ton-Vtg Red Pri 20p - 100 1 cidt & Colman PLC6% Cum Pri 21 -te cre-pri

796044 & CEMMAN PLC 7% Com Red Pt 2 46 (Fe80) Record Holdings PLC 10% Cum Red Pt 1 £1 - 95 (6Fe80) Renold PLC 6%% 1st Deb Stk 90/95 - £75

268% 49 7 1% Une Ln Sik 92/98 - 275% (SFe90) Russell(Alexander) PLC5.75% Cum Cnv Red Pri - 78% 80% SCExorp She of Com Sik of NPV - 221% SCEcorp Sits of Com Sits or 1977 - 26174 (7Fe90) SD-Scicon PLC6.5% Cray Cum Red Pri £1

ents to sub for Ord - 11 & Sagtchi Co PLCADR (3:1) -Senderson Marray&Elder(Hidga) PLCOrd 50p - 195 Servey Hotel PLC'B' Ord 5p - £140 5 50 (7Fe80) Seatorite Hidga PLC'25p (Net) Craw Cum Red Pri 20p - 126 5.75% Craw Cum Red Pri 21p - 126 (7Fe80) Scan Group PLC8% Uns Ln Six 88/93 - 283

283
Soot & Robertson PLC9.25% Curn Red
Pri E1 ~ 62 (SFe80)
Sears PLC73% Curn Pri 21 ~ 75 (2Fe80)
7% % Curn Pri 21 ~ 63 (7Fe80)
7% % Curn Pri 21 ~ 63 (7Fe80)
7% Whis Lin Sit 92/97 ~ 577%
Securitor Group PLC65% Curn Pri 91 * 151
- 2150 1 (6Fe80)
Sheprits Group Lichrid Sp ~ 200
Sidew Group PLC75% Uns Lin Sit
2003/06 ~ 252 (2Fe80)
Sidew Group PLC77% Curn Pri 21 ~ 650
600 Group PLC3.15% Curn Pri 21 ~ 40
(6Fe80) tth (W.H.) Group PLC"B" Ord 10p = 85

Smith (W.H.) Group PLC18* Ord 10p = 85
% (7Fe80)
5%* Rad Uns Ln Stx = £47%
SmithKine Beecham PLC/BmithKine ADR
(1:1) = \$45,988
SmithSine Beecham PLC/SmithKine ADR
(1:1) = \$41,97886
Smiths Industries PLC111%* Deb Six
9672000 = \$246,77980
SmurthLiefterson)Group PLC10%*4 Uns
Ln Stx 75/95 = £80
97% Cnv Uns Ln Nts = £210 (6Fe90)
SparatifC.A.)(Special Agency)Ord 50p = £15%
Spong Hidgs PLCCnv Cam Red Pri 20p = £15%
Sporng Hidgs PLCCnv Cum Red Prt 20p = 50 (57660)
7% Cnv Cum Red Prt £1 = 85 7 (57660)
7% Cnv Cum Red Prt £1 = 85 7 (57660)
Stavets Hudstries PLC77% Uns Ln
Str(85/91) = 287 (77690)
Stavets Ligomatia PLCOrd Str. 20p = £10
(77690)
Steority PLC4%% Cum Prt £1 = 46
(87690)
Storehouse PLC9% Cnv Uns Ln Str. 1932

iesu) house PLC9% Cmv Uns Ln Sik 1992

- £91
Summer International PLC15% Cum Red
Pri £1 - 82 (2Fe90)
Swam(John) & Sons PLCOrd 25p - 590
(8Fe90)
Symmonds Engineering PLCOrd 5p - 38 40 £90% (5Fe90) 11%% Mtg Deb Stk 95/2000 - £95%

(8F-90)
Termec PLC8%% Uns Ln Six 90/96 ~ £83
(7F490)
Tate & Lyle PLC7%% Deb Six 89/94 ~ £83 (8F490) 283 (6Fe90)
Taylor Woodraw PLC91/1% 1st Mtg Deb
St. 2014 - 2791/4 (7Fe80)
Teffos Hidge PLCWarrants to sub for Ord
- 120 (6Fe90)
Tesco PLC41/4 Una Deep Disc Ln St/k 2006 - 270 (SFe80) ing(Thomas) PLC4.55% Cum Pri £1 =

1 (2005) 1 ((7Fe90) Halger House PLC7% Una Deb Sik 21 - 66 (7Fe90) - 66 (7F690) 9%% Uns La Sik 2000/05 - 580 (6F690) 10%% Uns La Sik 2001/06 - 589 90%

15 7690)
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15 (7690) 12%% Uns Lit Stx 2006 - 256 7/ (7F99)
Trusthouse Forte PLCWarrants to sub tor Ord - 85 (6F90)
7.25% 1st Mag Deb Sek 88/31 - 290Φ 10.5% Mtg Deb Stk 91/96 - 294 (\$F990) Unigate PLC4,7% Curn Pri 21 - 80

Unigate FL-X - 8 (Fe90) (Fe90) 5% Uns Ln Sk 91/98 - 257 (7Fe90) 6%% Uns Ln Sk 91/98 - 270 6%% Uns Ln Sk 92/97 - 273 (2Fe90) Unigroup PLC7X% Cum Crw Red Pri 21 - 93 100 Unigeer PLCADR (4:1) - 228.4 \$ 44% 5%% Uns Ln Stk 91/2006 - 290

40 (6Fe90) Victors PLC5% Pri(Non-Cum)Stk 21 - 48

Victors PLL5% Private-Cumpact 1 - 40
(7Fe90)
5% Cum(Tex Free To 30p)Pri Six £1 - 67
(6Fe90)
Walker & Staff Hidgs PLCOrd 5p - 160
(6Fe90)
Walker(Thomas) PLCOrd 5p - 48
Warner-Lambert Co Com Six \$1 - 5111.826 (6Fe90)
Watnord(six)9104049 PLC8%% Cum Red Pri
2006 £1 - 81 2 (6Fe90)
Weverley Cumpron PLC6% Cum Pri £1 - 60 (6Fe90) 7.5p (Net) Criv Cum Red Pri 5p - 60 /elr Group PLC6%% Deb 53k 85/90 -2Fe90) ay PLC7,5% Cny Una Ln Stk 1999

i (GP-890) of Group PLCWerrants to Sub for 7%% City Cum Pri 21 - 150 (SFe90) 7 % Criv Cum Pri 1 1 1 20 (47-50) 7 % Criv Cum Pri 2 258 (67-60) 7 % Criv Cum Red 2nd Pri 2000 £1 ~ 65 1100 (7Fe80) 100 (7F690) Xerox Corp Com Stk \$1 - \$55% % (2Fe90) Yule Catto & Co PLC 11%% Cam Red Pri 1998/2003 E1 - 104 (2Fe90)

Financial Trusts, Land, etc. No. of bargains included Altiken Hume International PLC7% (Net) Cnv Cum Red Pri 21 – 103 (27690) British & Commonweath Hdgs PLC10%% Uss Ln Six (2012 – 559 Colonnado Development Capital PLCOrd Lins Ln Sit 2012 - 259
Colomade Development Capital PLCOrd
21 - 177 (7Fe60)
Dely Mail & General Trust PLCOrd 50p - 258/40
EFT Group PLCWarrants to sub for Ord - 5% 7%
Exploration Co PLCOrd Sit 5p - 210
F & C Enterprise Trust PLCSer 8
Warrants to sub for Ord - 6 (SFe60)
11.125% Severally Gild Deb Sit 2018 - 222 (BF690)

11.1xxxxx severaty (3id Deb St. 2018 - 232 (BFe90)
First National Finance Corp PLC 10%
Subord Uns Lh St. 1932 - 250 (BFe80)
Foreign & Col Reserve Asset Fund Ld
PigRedPri \$0.05 Cl C(US\$ Bonds) - 27.7 8 (BFe90)
PlyRedPri \$0.05 Cl M(US Equities) - 28.33 8.66 (BFe90)
Govett High Income Gilt Fund Ld Pig Red
Pri 1p - 35.71
Greece Fund LdShs \$0.01 (IDRs to Br) - 31600 1960 1700 (BFe80)
Depository Warrants to sub for Shs - 3145 180 (Fr60)
Guinness Fight Global Strategy Fd1g
Red Pri \$0.01(Managed Currency Fund) - 219.334840
Highcroft Investment Trust PLCOrd 25p - 279.

272
Hill Samuel Inter Currency Fund Pig Red Pri \$0.01 - 225.06 (SFe80)
Hill Global Funds LaiPig Red Pri \$0.01 (Sterling Shs) - £15.34 19.47 (SFe80)
Inchapse PLC85% Curr Red Pri \$0.92 £1 - 80 (7Fe80)
Inchapse PLC85% Curr Red Pri \$0.92 £1 - 80 (7Fe80)
Inthic Stock Exchange of URGRap of IrLd 75% Line Line Season Inti Stock Exchange of UK&Rep of IrLd 7 1/4 Mig Deb Six 90/95 - 279 (SFeSO) hory & Sine Atlas Fund Sha of NPV(United States Portfolio) - \$2.344

NFV(United States | NFV(United States | 1 - 27% |

JF Philippine Fund IncOrd \$1 - 27% |

Warrants to such for Ord - 53% |

Kores-Europe Fund LdShaftDR to Br) |

\$0.10 (Opn \$1 - \$4250 4375 4457% |

LbydStrust Gift Fund Ld Pig Red Pri 1p - 59.245 (2Fe90) |

Mith Britannie Jerany Gift Fund Ld Pig Red |

18.12 MMM Britannia Jarany Can Front (Coymen) Ld Pri 1p - 18.12 Melaysien Smeller Cos Fund (Coymen) Ld Ord 50.01 - \$10% 10% 11 Warren's to sub for Card - \$4% (6Fe90) Mencury Selected Trust She NPV Japan Opportunities Fund(Reg) - \$20.490029

(Aczentne Capital&ine Tst 2001 PLCine She 21 - 140 (Fe90) lational Home Loans Hidgs PLCOrd 15p - 130 - 130
7.5% Cnv Pri 21 - 82 3
Old Court Currency Fund LdPtg Red Pri \$0.01(Deutschernark) - DM40.683 (6Fe90)
Pri Red Pri \$0.01(Japanese Yen) - Y3546.21 (6Fe90)
Portugal Fund Ld Prig Red Pri \$0.01 - 38% (2Fe90)
Practical Investment Co PLGOrd 10p - 100
Ouadrant Intercontinuent Fund Ld She

100
Quadrant intercontinents Fund LdShs
90.100Suropean Shs) — \$1.7993 (2Fe90)
Second Market Investment Co PLC27%
Crv Ure Ln Skt. 1994 — \$27 (SFe90)
Siam Smeller Companies Fund LdOrd
90.01 — \$10 10%
Sime Darby Berhad \$44 0.50 — 92
Singapore SESDAQ Fund LdWis to sub
for Sht — \$2% (6Fe90)
Smith New Court PLCWerrants to sub for
Ord — 10

\$26,68825
Thailand International Fund Ld Pty, She \$0.01 (RDF's to Br) - 2182
3PLC7X% "A" Deb Sit \$9/82 - 254
7% "A" Deb Sit \$1/84 - 257 (BFe80)
9% "A" Deb Sit \$1/84 - 257 (BFe80)
Tyndal International Fund Ld Distribution
Shares to - 50,529
Value & Income Trust FLCWarrants \$9/94
to sub for Ord - 149

Insurance No. of bargains included #IZZ

Alexander & Alexander Services inc Sns. of Cases C Com Set \$1 - £15% (77-89);

Commercial Union Assorance Co PLC5%.

Cum Red Pri Se2209 ST - 52

General Acc FireLillis Assc Corp PLC

77% Uns Ln Six \$7822 - 286 (87-80)

77% Uns Ln Six \$2187 - £78

Guardian Royalizationing Assorance PLC

7% Cum Red Pri £1 - 80 (87-80)

7% Uns Ln Six 80/31 - £28 (77-89)

Investment Trusts No. of burgains included 818
Abtrust New Dawn Inv Trust PLCOrd 25p
140 40 2 - 140 40 2 Warmens to sub for Ord - 93 (7Fe90)
Abbrust New Thai breest Trust PLCOrd
25) - 94 5 6 (7Fe90)
Warmens to sub for Ord - 48
Aliance Trust PLC5% Pri Six - 251 (2Fe90) New Ord 10p (Fp/LA-9/3/90) - 98 9 % serzooz – 117 Jankers investment Trust PLC10%% Deb Six 2016 – 285% (SFesio) Initish Assets Trust PLCEquities, Index

ULS 2005 10p - 117% (2Fe90) British investment Trust PLC 11.125% Secured Deb Sik 2012 - 253% % (2Fe90) Capital Gearing Trust PLC Ord 25p - 530 Capital Gearing Trust PLCOrd 25p - 530 55 70 City of Oxford Investment Trust PLCOrd

City of Oxford Investment Trust PLCWs to Subscribe for 1 lac & 1 Cep = 60 (FE90) Edisarba for 1 lac & 1 Cep = 60 (FE90) Edisburgh Investment Trust PLC11% Deb Six 2014 = 295% % 6 % English & International Trust PLC6.875% Cum Pf £1 = 967. 8 (FE90) English National Investment Co PLC9% Deb Six 31:96 = 296 (FE90) F.& C. Exports: PLC5% Car Uns Ln Six 1996 = 23039 F.& C. Exact: Investment Trust PLC (Transits to sub for Ord = 127 (Transit FLC C. Smaller Companies PLC5% Cum Pf Six = £61)

F.B. C. Smaller Companies PLC4's Curn
Pri Str. + E61's
Fifth Throgmonon Co PLC7.25% Cnv tins.
Ln Str. 20'3 - 956
First Societh American Trust PLC3's%
Curn Pri Str. - 951 (6Fe90)
First Spanish inv Trust PLCWarrants to
sub for Ord - 43
Flaming American Inv Trust PLC6'% Curn
Pri Str. - 250 (8Fe90)
Fleming Jepanese Inv Trust PLC5'% Curn
Pri Str. - 150's (6Fe90)
Fleming Mercanitle Inv Trust PLC4's%
Pri Deb Str. - 253 (5Fe90)
Gertmore Emerging Pacific Inv Tst PLC
Ord 10p - 55
journants to sub for Ord - 23

Ord 10p - 55
Warrants to sub for Ord - 23
Gartssore Vable Investments PLC Zero
Drudend Pri 10p - 53%
12.34% Deb Set 1935 - 295% (6Fe60)
German Smaller Co's Inv Trust PLC
Warrants to sub for Ord - 171 55
Glasgow hoome Trust PLCWarrants to
sub for Ord - 5
Globe Investment Trust DL C 1064 Chab Set

Glasgow Income Trust PLC Warrants to sub for Ord - 5 Globe Investment Trust PLC 10% Oab Sik 2018 - 255 % (7Fe90) 11%3- Che Uns Ln Sik 90/95 - £400 (7Fe50) Govett Strategic Inv Trust PLC 11%5 Deb Sik 2014 - 233% (7Fe90) Investors Capital Trust PLC 71%5 Deb Sik 92/97 - £75% (6Fe90) Law Debenture Corp PLC3.85% Cura Prf 2 - 55% (5Fe90) Lazerd Select Investment Trust LdPig Red Prf 0.19 Ll.K. Active Fund - £10.97 Ceveraged Opportunity Trust PLC Zer Con City Uns Ln 5% 95/99 - £70 (8Fe90) London.86 w York Convertible Tst PLC Ord 100 - 99 (7Fe90) London & St Lewerence Investment PLC Ord 5p - 112

London & St. Leverence Investment PLC
Ord. Sp. - 112
5% Gurn Prf E1 - 50 (6Fe80)
Merin Intil Green Inv Tst PLCOrd 25p - 94
Warrants to sub for Ord - 32
Metropolitan Trust PLCA%% Gurn Prf 21
- 47 (5Fe80)
Morsks Investment Trust PLC11% Deb Stk
2012 - 291 % (7Fe80)
Murray Income Trust PLC4.25% Gurn Prf
21 - 60 (5Fe80)
Murray International Trust PLC4% Deb
Stk - 250 (7Fe80)
New Guernson Securities Trust LdOrd 25p
- 75 7 (6Fe80)
New Throginaction Trust 1983) PLC Zero

- 75 7 (07693)
New Throgmorton Trust(1983) PLC Zero
Cpn Deb St. 1598 - 234½
Piner & Microsotte Trust PLC 576 Cum Prf
Str - 254 (57693)
Piner Pale & Gen Invest Trust PLC 576
Cum Prf Str - 254 (57693)
Scottish American Investment Co PLC
Equation Index Uns Lin Sit 2004 - 1130
Scottish Eastern Inv Trust PLC 4376 Cum
Deb Str - 245 (51690) CONTEST EXCESSION WE THAN COMPANY COMP PT SEK - 245 (EF-69) 9%% Deb SSK 2020 - 281% CONTEST Marriagge & Trust PLC 8%-14% Secoped Interest Deb Sok 2020 - 2113 (2F-690)

esu) nd Alkance Trust PLC41/4% Deb ्राज्यः (अपर) = £38 States Invastment PLCWarrants to sub for Ord = 42 : syments PLCWarrants to sub-Strata Investments PLC 114 for Ord - SS (6Fe90) Threamorton Trust PLC 714 % Cum 1st Pri sregmenten | 1 men | 2 423 (7Fe90) entage Securities PLCWarrants to sub - 7567 estment Co PLC8% Deb Sik Vaten Investment Co PLC8% D 6659 - 277 (7Fe93) 87:5: Deb Sik 2016 - 273%

Unit Trusts ----No. of bargains included 19 M.A.G. AT - 57% a ean Dividend Funding Units 49.1 51.9 Accum Units - 49% (6Fe90) M.& G.Gold & General Funding Units 64‡ (6Fe90) Accum Units - 68.4 (7Fe90) M.S.G. International Income Funding Units

Mines - Miscellaneous No. of bargains included 218 No. of bargains included 218

Amaigamated Fitancia lines PLC Warranta to sub for Shs - 1 (6Fe90)

Asserto Inc Com Stk NPV - \$27%

Bistchi Mening PLC 10p - 33 (5Fe90)

De Beera Consolidated Mines Lid Did R0.05 (8h) (Con 84) - 20.72 20.8 SF31%.

El Oro Mining&Exploration Co PLCOrd 10p - 405 6 (7Fe90)

Europa Minerals Group PLCOrd 2p - 94 6 8 100 Pieteeu Mining PLC Ord 20p - 800 New Ord 20p (Nil Pd-14/2/90) - 0%

(6Fe99) RTZ Corporation PLC3.325% "A" Cum Prf 51 – 44 (7Fe90) 3.5% "B" Cum Prf \$1(Reg) – 48 9 50 (SFe90) 3.5% St Cum Pri 21(Br) (Cpn \$6) - 40 (27e90) Willoughby's Consolidated PLCPId 1p 58 (SFe90) Serribla Consolidated Copper Mines Ld B Crd K10 - 115©

Mines - South African No. of bargains included 109 Barreto Exploration Ld Ord R0.01 - 95 100 (BRe80) DAB Investments Ld Ord R0.01 - 312% DAB Invest (7Fe90) Sburg Cons Invest Co LdR0.10 -Johannesburg Cons Invest Co LdR0.10 23% Yi Lebowa Platinum Mines LdOrd R0.01 -185
Lindum Reefs Gold Mining Co LdOrd
R0.01 = 60
Oryx Gold Holdings LdOrd Shs of NPV =
187% (Tre90)
Trans-Natat Coal Corp Ld R0.50 = 125 Trans-Nets Coll Corp Ld R0.50 - 125 (7Fe30) 12.7% UnsSubordCompCnt/Debs(Ind) R8.50 - 125 (7Fe30) Western Deep Levits Ld Option to Sub for Ord - \$29 (5Fe30)

Oil No. of bargains included 1653 ELF UK PLC 12% Ung Ln Sik 1991(Reg)
- 296%; (6Fe90)
Euron CorpSits of Corn Sik \$16 - \$56%
LASMO PLC 10%% Deb Sik 2009 255% % Web
Sitel TransportsTradingCo PLC Ord Site
(81) 250(Cpr 183) - 475
51% 1st Pr(Curu21 - 50 (7Fe90)
Texaco International Financial Corp 8%
S5g/3 Cnv Gtd Ln Sik 81/99 - £118
(2Fe90)
Zapata Corp Corn Sik \$0.25 - \$3 %
(2Fe90)

Property No. of bargains included 445 ARRELONSON Properties PLC 101% 1st little be Six 2025 - 284% % Arreston Securities PLC90% Cum Red Pri 2008 21 - 970 Bitton(Parcy) PLCAccum Shs 25p - 440 (2Fe30) Bredord Property Trust PLC10% Cum Pri 21 - 108 (SFe80) Bredord Property Trust PLC10% Cum Pri 21 - 108 (SFe80) Bredord Property Trust PLC10% Cum Pri 21 - 108 (SFe80) Bredord Property Trust PLC10% Cum Pri 21 - 108 (SFe80) Bredon Senter 91 - 2005 (Medical Cum Pri 21 - 108 (SFe80) Bredon Senter 91 - 2005 (Medical Cum Pri 21 - 2005 (Medical Cum Pri Brediond Property Trust PLC10%% Cum
PH 21 - 109 (5Fe80)
Broton Enide PLC9% 1st Mag Deb Sik
20/87 - E84 (7Fe80)
10%% 1 schlepterSik
2012(130Pd-6/390) - 258%
2012(130Pd-6/390) - 258%
Capital & Courtes PLC9%% 1st Mag Deb
Sik 20/27 - 252 (5Fe80)
91% Urs Lin Sik 91/96 - 287%
Charhecod Alfonce Hidgs Ld 77% Uns Lin
Sik 50p - 31% (5Fe90)
Cty Site Estates PLC5/25% Criv Cum Ped
PH 21 - 80
7% Criv Uns Lin Sik 2005/06 - 2102
(7Fe80) (77690) (77690) Christi E. Alacjinvesiments Ld8% Uns Lit Sik 91/96 – 175% (27690) Innes Equals PLC7.75% Criv Cum Red Pri C1 - 84 5 8% Uns Ln Stk 92/97 - 270 (2Fe90) 11.25% 1st Mig Deb Stk 2020 - 127% ©

11.25% 1st Mtg Deb Sit 2020 - 187%@
80
Grest Portland Estates PLC9.5% 1st Mtg
Deb Sit 2016 - 276% %
New 9.5% Cav Uns Ln Sit 2002 - £128
8 (\$F690)
Catycost PLC93% Cum Rod Prf 2514 £1
- 88 (\$F690)
Hammetean Prop Inv&Dev Corp PLCOrd
25g - \$10 \$7 \$2.3
Land Securities PLC9% 1st Mtg Deb Sit
88/93 - £81 (7F690)
7% 1st Mtg Deb Sit \$1.05 - £79
(7F690)
9% 1st Mtg Deb Sit \$62001 - £51 %
(\$F690) (SFe30) 8½% Ums Ln Stk 92/97 - 581 1 ½ 2 3 (7Fe90) Lawis(John)Properties PLC9%% Milg Deb S3: 32/97 - 286 (6Fe90)

London & Edinburgh Trust PLC8%% 1st Curn Red Prf 2013 21 - 95 8% (SFe90) London&Prov Stop CentrestHidgs\PLC 10% 1st Mrg Deb Stk 2025 - 582 K (2Fe90) NESC PLC9%% 1st Mig Deb Sik 97/2002 - 285% 7 (7Fe90) 10%% 1st Mtg Deb Sik 2024 - £90% (SFe90) 8% Une Ln Sik 2000/05 - 270 2 (7Fe90) 10%% Uns Ln Sik 2032 - 279% % %

16% Uns Un Six 2522 - 1787 17 18 20 18% Crev Ums Ln Six 86/2000 - 2146 Marivale Moore PLC 10% 16 18 1840 Deb Six 2020 - 2519 Merin international Properties Ld Cum Red Crev Pri 21 - 40 (7Fe90) Peel Hidgs PLC 10% Cum Pri 50p - 43 (5Fe90) 5.25% (Net) Crev Cum Non-Vig Pri 21 - 77 (6Fe90) 95 18 191 Mig Deb Six 2011 - 280% 16 18 18 (7Fe90) Peel South East Ld 8k% Ums Ln Six 87/97 - 251 (5Fe90) 1% % (7*ess)
Ped South East Lo®k% Uns Ln Sik 87/97
Ped South East Lo®k% Uns Ln Sik 87/97
Ped South East Lo®k% Uns Ln Sik 87/97
Property Security Inv Trust PLC8% Cum
Pri 21 - 98 (5*fe90)
Rush & Tompkins Group PLC7.5% Crv
Cum Red Pri 21 - 80 (2*fe90)
Soutish Metropolitan Property PLC10 k%
1st Mig Deb Sik 2018 - 283 % (7*fe90)
Shealbank Property Trust PLC8% Cum
Crv Pri 21 - 90 (2*fe90)
Shield Group PLC0*rd 6p - 20
\$5.87% (Nich) Crv Cum Red Pri 21 - 36%
Speyhawk PLC8.75% Cum Red Pri 2014
21 - 91 (2*fe90)
Town Centre Securities PLC9% Crv Uns x1 - 97 (ZFe90) Town Centre Securities PLC9% Cnr Uns Ln Six 96/2000 - £193 Trafford Park Estates PLC9% 1st Mtg Deb Six 91/96 - £82 (6Fe90)

Plantations No. of bergains included 9

Challington Corporation PLC Dtd 25p - 83 (2Fe90)
Warrants to sub for Ord – 45 (2Fe90)
Warrants to sub for Ord – 45 (2Fe90)
Duntop Plantations Ld9% Cum Pri £1 – 57
(2Fe90)
Hidong Estata PLCOrd 10p – 90
Jaca Rubber Plantations PLCStk 10p – 50 (2Fe90) Padang Senang Hidgs PLC10p - 72 80

RailWays No. of bergsins included nil New Brunswick Railway CoPerp 4% Cons Deb Stelan Gld by C.P.) – 235 (57690) Ontario & Quebec Relivary Co 5% Perm Deb Stelan Gld by C.P.) – 230 (67690)

Shipping No. of bargates included 250 Bergesen d-y AS '8' Non Vig Shis NK5 -\$63.18 NK402,79 4 5 7 7 NPC PLCVar Vtg Ord 5p - \$4.06 4.2 p 242 2 4 5 6 6 Parinsular & Oriental Steam New Co5% Cust Pid Stk = £44 (7Fe90) Warrants to purchase Did Stk = 125 35 (7Fe90)

Utilities No. of bargetes included 25 American Information Tech. Corp.Shs of Corp.Shs. 51 - 233.9 California Energy Co Inc.Shs of Corp. Six \$0.0675 - 28.65 (8Fe80) FPL Group Inc.Shs of Corp. Six \$0.01 - 218.65 (8Fe80) £19.45 (8Fe80)
Feinstowe Dock & Railwey CoPri Unita –
£100 8 (5Fe90)
GTE Corporation Com 68k \$0.10 – \$59% (SF890) Jersey Electricity Co Ld*A* Ord 21 - £10 p 900 92 Manchester Ship Cenel Co5% Perp Pri £1 - 214 (7F490)
Mentey Docks & Harbour Co6%% Red
Deb Sit 98499 - 272 (2Fe90)
3%% Ind Deb Sit - 220 (2Fe90)
US WEST,incSha of Cont Sit of NPV -

Water No. of bargains included 1236. W216F No. of bargeins included 1228

Mid Kant Holdings PLCWarrants to sub for Ord – 80 (6Fe90)

Bristol Waterworks Co.S.FK(Finly 6%)Coms Prf 3tk. – 2450 (6Fe90)

4% Cone Deb Sik Intd – 235 (6Fe90)

4% Cone Deb Sik Intd – 235 (6Fe90)

Chester Waterworks Co.4.2%(Finly 6% Mas)(ord Sik – 21250 (2Fe90)

Colne Yater Water Co.4% Coms Deb Sik (md) – 234 (6Fe90)

10% Red Deb Sik 95/98 – 287 (6Fe90)

Bast Angian Water Co.7%% Red Deb Sik 91/92 – 283 (6Fe90)

9% Red Deb Sik 92/94 – 286 (6Fe90)

Pastbourne Water Co.10%% Red Deb Sik 95/97 – 293 (5Fe90)

Bast Water Co.4% Perp Deb Sik – 232 (6Fe90) (8Fe90) 10%% Deb Sik 94/96 - £94 (7Fe90)

JOYA Deb Sit S498 - 1294 (77-80)
John Deb Sit S498 - 1294 (77-80)
Sit - 2806 (5F-60)
Sit - 2806 (5F-60)
Sit - 2806 (5F-60)
Sit - 2806 (5F-60)
Mid-Southern Water Co 10% Red Deb Sit 2094 - 288 (5F-60)
Mid-Sussax Water Co 11% Red Deb Sit 2012/16 - 288 (5F-60)
Newcastle - 286 (5F-60)
Newcastle - 286 (5F-60)
North Surrey Water Co 4% Deb Sit - 234 (6F-60)
North Surrey Water Co 4% Deb Sit - 234 (6F-60)
Sit - 230 (5F-60)
Sit - 230 (5F-60) Tendring Hundred Waterwon Red Deb Stk 91/89 – 281

USM Appendix— Atlantic Resources PLCWarrants to sub-for Ord - 120,0075 E0,01 p 1 Barts Holdings PLC Ord 100 - 4 Adings PLCOrd 10p - 157
Tem Group PLCWarrents to aub for Ord - 24 9% Red Cum Non-Vig Prf £1 - 88 9% Fied Curn Non-vuy 11 1 2 1 (6Fe80) Binnec Industries PI,C8.5% Cnv thrs Ln Six 1991 - £185 (2Fe80) Corton Beach PILC7.5p (Net) Chv Curn Fied Prf 10p - 65 6 70 Darby Group PLCCrd 5p - 95

Ord 10p = £3.3 3.55
Dotphin International LdOrd 10p = £0.27
(5Fe90)
Directify Valtary & Goodricks PLC£1 = £23
(6Fe90)
Exchem PLCOrd 50p = £1.8 (6Fe90)
Exchem PLCOrd 50p = £1.8 (6Fe90)
Gate (George) & Co LdOrd £1 = £3%
(7Fe90)
Grampian Television PLCOrd 10p = £0.71
Hambros PLCOrd 20p(£2 Options 88/91) = £1.05 1.27 (7Fe90)
Hydro Hotel Eastbourne LdOrd £1 = £4.2
(6Fe80) myoro riotel Eastbourne LdOrd 21 - £4.2 (67e90) Ireland Yard Investments PLCOrd 10p -£0.05 (77e90) Jamings Bros LdOrd 25p - £3.2 Jersey Gas Co Ld3% Cum Pri £1 - £0.24 (27e90)

Jersey Gas Co Lidase Control (2Fe90)
Jersey New Waterworks Co Lidase Cum
2nd Prt 25 - £1.4 (2Fe90)
Lawrie Group PLCOrd £1 - £21% 4
Le Riche's Stores Lidord £1 - £4 (7Fe90)
London Wall Hidgs PLCOrd £1 - £2.95
action (SF690)

MMM Britannia International LdJapan
Income & Growth - 52.319 (7F690)

MMI PLC Ord 1p - 50.15¢ 0.1525¢

Manchester United Footsali Club Leford
51 - 524 (5F690)

Merrett Hidge PLC Ord 10p - 51.40 1,449
attornal Parking Corp Ld Ord 10p - 24%
(6Fe90)
orth West Exploration PLC Ord 20p - 38
wi Creek Investments PLC Ord 5p -

20.05 (6Fe90) Paramount PLCOrd 2.5p - 20.17 0.18 (2Fe90) (2Fe80)
Radio City(Sound of Merseyside)PLCOrd
25p - 25.12 (5Fe80)
Rangers Football Cub PLCOrd 21 - 268
(7Fe80)
Robinschild Continuations LdCum 2nd Prf
10p - 21.35©
Shepherd Neame PLC'A* Ord 21 - 25%
(5Fe80) 90) m Newspapers PLCOrd E1 - 53.35 3.39 Thwates(Deniel)& Co PLC Ord 25p -22.64 2.65 (5Fe90) Transatiantic Hidgs PLC Pld Ord 50p -

rransatiantic Hidgs PLCPId Ord 50p = £3.3
Weetablix Ld*A* Non.Y Ord 25p = £8
Wohrertrampton Racecourse Co PLCOrd
25p = £3% (SFe80)
Yates Bros Wine Lodges PLCOrd 25p = £2.6 (SFe80)
Dewey Warren Hidgs PLC Var Rate Criv
Uns Ln Stk 1995 = £98
Gibbs Mew PLCOrd 25p = £83 (6Fe80)
Great Southern Group PLC6.75p Cum Criv
Red Pri 5p = \$3 %
Heeritree Browery PLC*A* Lim Vig Ord
25p = £12% (6Fe80)
McGand & Scottash Resources PLCOrd
10p = 187

Mediand & Scottash Resources PLCOrd 10p - 197 Onnified: PLC 12% Criv Uns Lis Site 2000 - 2100 (2Fe00) Quarto (acup inc8hs ol Corn Site \$0.10 (Rest. Transfer) - 145 6 (7Fe90) Savage Group PLC5.5% (Net) Curn Red Criv Prf E1 - 50% (2Fe00) Selectiv PLCOrd 1p - 13% 4 5 (6Fe90) Selectiv PLCOrd 1p - 13% 4 5 (6Fe90) Surrey Group PLCOrd 5p - 14 % 5 Total Systems PLCOrd 5p - 13 (6Fe90) Visited Group PLCOrd 1p - 13% % 4 Wharfeddes PLCNew Ord 10p (FDPR4-27/290) - 9% Xtra-Vision PLCOrd ir20.05 - 120.97 100.96 120.99 Yelverton Investments PLC6% Cav Uns Ln Skt 1937 - 257 (5Fe30) York Tust Group PLC Red Cuss Cav Pri 20p - 63

The Third Market Appendix No. of bargains included 123

Rule 535(2)

Actoril Cert PLC"A" Ord 25p - 80.2 Addit Carr PLD A
(Freed)
All England Lawn Termis Ground LdDsb
9185 22000 - 228500 (27e80)
Andrews Group PLC11%% Cum Prf S1 E0% (Freed)
Ann Street Brewertes Co LdOrd 21 - 25.8
5.9 6 (Freed)
Audiotect PLCOrd 1p - 20.12 (8Fe80) Address PLCOrd 1p - 20.03 (s.Fe80)
Bleesdale Computer Systems PLCOrd 1p - 20.0125 (7Fe80)
Levid & Charles Publishers PLCOrd 1p - 20.25 (2Fe80)

RULE 535 (4) (a) Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in recorded in the Official List.

Ampol Exploration 95, AS2.371.7

Ausl. Foundation inv AS1.65274 (7/2)

Boral Ord. Std. AS3.956 (5/2)

City Developments SS3.56948

Cons. Modderfontains S1.375, RS.1, .2

Forest Laboratories S1.375, RS.1, .2

Forest Laboratories S2.3.75 (6/2)

Harland Ulohn H) Co S21.612669 (6/2)

Keystone International S20.759 (6/2)

Killinghall Tin (Malaysia) Berhad Ord M\$3.6

(7/2)

Krellibank BF3,910 (7/2)

Kurlim Malaysia Ord 43

Malaysia Cement. SS3.14

Ruften Malaysia Ord 43 Malaysian Plantations 30 Mount Martin Gold Miles AS-612 (5/2) National Electronics (Consolidated) 2 (2/2) Mughin Mining AS3-545 (6/2) Mixdorf Computers AG Prf. Sts. DM276-55 KS/2)
North Filaders Mines A53.2 (6/2)
North Filaders Mines A53.2 (6/2)
Oil Search 20, 31, 2
Oilmet A5.22 (7/2)
Overseas Chinese Banking Corp S\$12.0664,

Diverses: Chinese Banking Corp SSLL.1004, SS9.336 (7/2) Palabore Mining \$16.07, .21, R52.85, 3 (6/ 2)
Selangor Coconuts 30
Singapore Land S\$14.8 (5/2)
Southwest 60.40 minus 2, A\$.0545
Spargos Mining NI. 3,148 (6/2)
Stategic Minerals Corp A\$.46 (7/2)
Target Resources 11
United Oversess Land S\$2,30767 (5/2)
Vultan Minerals A\$.269 (6/2)
Westfield Minerals 60 (6/2)
Whatf Hidgs HKS6 845154, HKS6.95 (6/2)
Winsor Industrial Corp. HK\$7.26189 (5/2)

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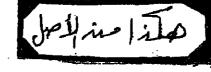
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11

LONDON STOCK EXCHANGE

Weak close to the trading account

THE CLOUD over international interest rates cast by the dismal trend of the West German bond market overshadowed London yesterday, adding to the nervousness which greeted an unimpressive outcome to the final leg of the Federal funding auctions in the US. It was a depressing end to the trading account in UK equities, with the institutions backing away and leaving share prices to the mercy of profit takers.
The tone was set early, with

orices marked down following Wall Street's lacklustre response overnight to the auction of 30 year Federal securi-

 		
Accor	at Dealing	Dates
"First Desilings: Jan 29	Feb 12	Feb 26
Option Declared Feb 8	ione: Fab 22	iar t
Last Paginger FebB	Feb 23	Mar 9
Account Days Feb 19	Mar S	Mar 19
New Buy 444		place from

the German band market continued to give ground, fuelling worries about German interest rates. By mid-session, the Footsie was more than 22 points lower at 2,308.5, bringing the important 2,300 support level into question again. A cautious and unconvinc-ing rally then set in, but this

appearance of the widely pre-dicted American sellers, the

shares retreating 30 to 970p on

turnover of 950,000; US trading

in ADR's commenced on

Thursday after the completion

of Bass's purchase of the US Holiday has business.

was how one marketmaker described the trade among the

leading international stocks.

Rank Organisation followed

the market direction the shares

losing 4 to 785p. Wellcome did likewise the shares giving up 4 to 693p. Glazo weakened 5 to

701p though SmithKline Bee-

chain having come off to 539p

recovered to close 2 down at

"A very disappointing day"

owed much to localised factors, such as the move towards the opening of the new two-week equity account. In fact, when the new account opened at 3.30pm, there was a dearth of buying for the new trading period. The final reading showed the

FT-SE Index down 17.4 at 2,313.6. Over the two week account, the Index has retained a minor gain of 0.9 after losing 41.5 points this week and challenging first the Footsie 2,230 and then the 2,300 mark.

Senq volume increased sig-nificantly as the market fell yesterday, and the final volume total of 521.4m shares the disclosure that a major compared with 456.3m in the stake in Royal Bank of Scot-

previous session. Daily Scaq volumes, incorporating both customer and inter-market business, have varied widely this week: Stock Exchange statistics show that the market rose by 23 points on Thursday from Sock Shop. on customer business of only £761.3m - well below bull mar-

ket levels. The investment institutions were major sellers of the FT-SE futures contract yesterday, when the premium over the cash market shrank from 23 points to only 7.

A market still underpinned by takeover speculation in the financial sectors was rattled by

FT-A All-Share Index

1200

Equity Shares Traded

Dec Jan Feb

look slightly odd," said one

analyst. But Schroders rose 50 to 1725p in a very thin market.

Life assurances, which were sold hard in midweek along

with the composites, on wor-

ries about claims arising from

the storms and floods affecting

the UK, continued to retreat.

Prudential fell 21/2 more to

212%p on 2.4m while Legal & General fell 2 to 401p. Composites were well sup-

ported, and showed only very

minor falls after the widespread profits downgrades instigated after the storms.

Shares of the UK cement

manufacturers came under

pressure after news that Castle

Cement, the Scandinavian-

owned group is expanding cement production at its

Clwyd, north Wales plant from

500,000 tonnes to 1.5m tonnes a

year. Blue Circle Industries.

unsettled earlier in the week by profits downgrades insti-

gated by a number of leading o firms in

Smith New Court and BZW.

slipped 4 to 234p. Rugby Group

were 3 easier at 179p. But some dealers, although

under persistent selling pres-sure, closing 8 down at 94p.

The news that British Air-

ways passenger traffic in the

month of January had

increased by 7.3 per cent com-

pared to January 1989 helped steady the company's shares in

an otherwise dull and feature less day among transport stocks. The stock came off a

penny to 197p in two way trade of 3.2m shares.

Turnover by volume (million)

400

200

land had gone, not to a preda-tor, but to the apparently safe hands of Scottish Equitable Life Assurance. An already unhappy consumer sector was similarly unsettled by a loss and missed interim payment Covernment Secs

Gold Mines

\$1.15

81.26

1845.3

372.5

80.80

1826.2

375.1

This week's downturn in London equities has been touched off by weakness in world bond markets, especially in Germany, where concerns over the possible inflationary implications of any move to unite the two Germanys have unsettled the domestic credit sector. London made little response yesterday to reassur-ances on this point from the Bundesbank president.

BAA were 6 down at 374p. Some 1.6m shares were traded with ADT, which has an 8.2 per cent stake in BAA, thought to be the shopper at the current low levels.

BET was reported to have

Securicor Group shares were once again a bright feature fol-lowing the final figures earlier

close 7 up at 40p.

ASW Holdings gained 9 to 262p on talk that British Steel was about to up its 20 per cent stake in the company. Analysts however were unconvinced by the story and County NatWest is advising investors to switch out of ASW Holdings and into British Steel because "ASW Holdings offers 40 per cent yield than British Steel." Brit-ish Steel shares lost 1½ to 134p on turnover of 3.7m shares.

Thursday's news that Coloroll, the troubled furniture group, had sold its subsidiary Alexander Drew & Son, the fur-nishing fabrics group, was well received by the market where Coloroll gained 3 to 24p.
BTR retreated 7 to 430p with

dealers blaming the weak Australian dollar for the fall. County Natwest which issued a note on BTR this week said: "It is our belief that BTR will again underperform when the stock market begins looking confidently towards times of shares prosperity."

suffered from profit taking, the shares giving up 5 to 241p. One analyst said: "In the long run, BET should bounce back once the market knows how the company is going to pay for the Hestair acquisition. A disposal of its property improvement company is likely to be well received."

in the week. Securicor "A" added another 7 to 828p while Security Services, 51 per cent owned by Securicor closed 13 up at 713p. Elbief rallied to

Defence worries continued to make Smith Industries a weak

2463.7 1782.6 2463.7 986.9 (3/1/90) (3/1/88) (3/1/80) (23/7/84) 2331.0 2307.4 2321.1 2348.4 FT-SE 100 Share Basis 100 Govt. Secs 15/10/25, Fixed int. 1928, Ordinary 17/75, Gold mines 12/9/55. Basis 100 FT-SE 100 31/12/53. ♠ No 10 61 Ord. Drv. Yield 4.34 10,85 11,18 Earning Yld (*(full) P/E Ratio(Net)(*) 11.35 10.66 11.26 10.75 11.37 10.64 10.69 10.83 SEAO Bargains(5cm) Equity Turnover(£m)† Equity Bargains† 23,375 768.77 23,739 328.0 GILT EDGED ACTIVITY Indices* Feb 8 Feb 7

Gift Edged Bargains 80.8 98.0

5 - Day average 82.7 83.1 Shares Traded (mi)† Day's Low 1827.0 SE Activity 1974 *Excluding intra-merket business & Overseas turnover. Catcutation of the FT indices of daily Equity Bargains and Equity Value and of the feveday averages of Equity Value, was descontinued on July 31. Consets values for July 28 available on Australia. Ordinary Share Index, Hourly changes Day's High 1840.1 10 a.m. 11 a.m. 1839.2 1834.3 Day's Low 2308.5 Day's High 2323.9 2 p.m. 3 p.m. 4 p.m. 2310.5 2311.5 2311.9 Cpen 10 a.m. 11 a.m. 12 p.m. 2323.6 2321.9 2315.7 2369.8 1 p.m. 2308.7 TRADING VOLUME IN MAJOR STOCKS terme Classing Cay 6 GCCs Price crange

FINANCIAL TIMES STOCK INDICES

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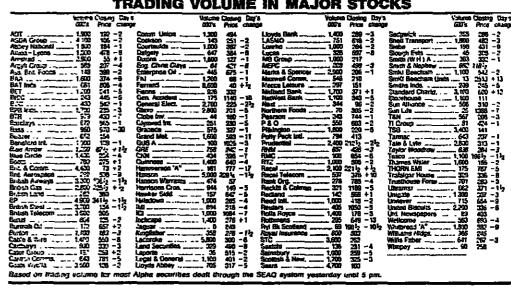
43.5

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market, making the shares one of the worst performers in the sector over the last month. The shares gave up another 5 to

British Aerospace lost 9 to 536p with one analyst saying "the longer the strike gooes on the longer it will struggle." GKN were 7 weaker at 396p as the shares continued to be dogged by worries about the downturn in car manufacturing in both the US and the UK. However Mr Sandy Morris at County Natwest believes the shares have been oversold on those worries. He said: "Two thirds of GKN's motor components market is in Europe,

which provides two thirds of the profits. European car fig-ures for January were good so provided the European market remains strong this weakness has been overdone." Also said to have suffered

from worries over the motor sector was Siebe whose share retreated 9 to 431p. Press speculation that the

Ministry of Defence would put the US. At the close Telecom in a reduced order of the Chalwere 10 firmer at 376p, while lenger 2 tank currently being developed by Vickers contin-ued to hurt the shares and Electronics, managed a much smaller improvement at 221 %p. Both stocks have been they closed 4 down at 201p. Ladbroke shares suffered sustained this week by the roadshow sponsored by UBS from another bout of selling pressure, closing a net 6 off at 300p, for a two day decline of show is due to get underway very soon. British Telecom put on what

12; turnover expanded yesterdealers said was a very good performance, and held at 305p day to 5.8m, well up on average The weakness followed hints after the encouraging third quarter figures released on Thursday. Cable & Wireless, a very strong market in recent days, slipped 8 to 550p on prof-it-taking. Ferranti, after its lat-est disposal—the sale of a 50 in the market that the group was about to bid for Norfolk Capital Hotels, where Queens Moat is bidding for control, although Ladbroke quickly denied these stories. Mr John Jarvis, a Ladbroke per cent stake in its sonar main board director and previ-ously responsible for the hotels operation to Thomson-CSF-edged up to 40%p on good turnover of 8.6m. Amstrad hardened to 55p in front of division, resigned on Thurs-There was strong support in

Thursday's interim figures. the market for the Racai twins Other Market statistics, with Telecom, especially, responding to persistent and often sizeable buying interest Including the FT-Actuaries share index and recent issues (including the water Issue said to have emanated from stocks), Page 8.

BENCHMARK GOVERNMENT BONDS

		Coupen	Red Date	Price	Change	Yletd	Week	Monti ago
UK GILTS		10.000	4/93	94-02	-5/32	12.29	12.15	11.70
		10.500	5/99	95-08	-5/32	11,32	11.22	10.85
		9.000	10/08	88-22	-2/32	10.38	10.30	9.98
US TREAS	URY *	7.875	11/99	96-13	+ 12/32	8.42	8.47	8.01
		8.125	8/19	96-16	+ 18/32	8.45	8.49	8.08
JAPAN	No 119	4.800	6/99	89,2765	+0,390	6.86	6.56	6.20
	No 2	5.700	3/07	95.0596	+0.313	6.30	6.26	6.03
GERMANY		7,125	12/99	92,4500	+0.150	8.27	7.71	7.49
FRANCE	BTAN	8,000	10/94	91,0602	+0.178	10.49	10.33	10.19
	OAT	8.125	5/99	89.2000	-0.020	9.94	9.65	9.52
CANADA '	•	9.260	12/99	95.0750	+0.350	10,05	9.98	9.75
NETHERLA	ANDS	7,500	11/99	93.0600	+1.010	8.57	8.30	8.12
AUSTRALI	Α	12.000	7/99	95,2725	+0.052	12.87	12.76	12.93

Tactinical Data/ATLAS Price Sources

Surprise at Royal Bank

All eyes in the equity market were rivetted on Royal Bank of Scotland where news of a sub-stantial share stake changing hands led to a brief upsurge, and subsequent sharp fall in

the share price.
Royal Bank of Scotland shares, persistently bought in recent weeks as talk of stakebuilding and possible takeover activity has encompassed the stock, rose sharply to 228p within an hour of the official opening of business as a succession of trades in the stock flashed up on the market trades ticker, indicating that a major share-stake had changed hands. The big trades, made up of six blocks of 9m shares and two of 1m shares, led to immediate talk that Banco Santander might have increased its stake from the current 10 per

Other names mentioned as potential buyers of a big stake included Paribas and Banque Nationale de Paris, as well as several big institutions, with the Kuwait Investment Office (KIO) said to have been selling part of its 6.6 per cent stake.

The picture became clear soon after the deals were made public when the Scottish Equiable Life Assurance Society announced it had bought 28m Royal Bank shares from the KIO, thereby increasing its holding to 5.02 per cent. The KIO said it's stake had been reduced from 6.6 per cent to 2.34 per cent. Royal Bank shares promptly dropped to close 10% off at 198%p with turnover eventually coming out at 69m shares.

Marketmakers said the deal had taken the market comlooking for a big corporate deal and this has certainly taken out the bid premium for Royal Bank." He added that the transaction was mutually beneficial to both Royal Bank and the KIO - "Royal Bank has its independence reinforced by the deal and the KIO makes a good turn on the stake."

Sock Shop weak

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Sock Shop fell back 7 to 49p following the disclosure of an interim loss above expectations. When discontinued activities were included, the loss amounted to £4m. compared with a profit of £630,000 last time. Sock Shop said a substantial loss had been incurred by its activities in US, where all its outlets had been

Mrs Joan D'Olier of County Natwest said: "There are still a Totals

542p.
The old chestnut about ICI disposing of its 25 per cent said a dealer. Standard shares stake in Enterprise once again closed 12 higher at 600p with did the rounds in the market. turnover expanding to 3.5m,

That speculation however did little for the price and the shares gave up 7 to 1084p on a meagre turnover of 1m shares.

Dalgety eased before its interim results on Monday. The market expects profits to rise to 254-58m from 251.7m last time. That would represent around an increase of 8 per cent, below the expected sector average rise this year of 10 per cent. Analysts said Dalgety's Australian interests would be

lower at 384p. The announcement that Ranks Hovis McDougall is hoppushed it lower. "RHM is selling the family silver. And it plays right into (Sir James)

adversely affected by lower

wool prices. Dalgety finished 8

lot of problems at the com-Goldsmith's hands. RHM will pany. There is a lot of down-side activity in the share price. I would sell at these levels." Sock shop fell 7 to 49p. Body Shop fell 10 to 570p in sympabe able to cut its debt but it's also a retreat back into the UK also a retreat back into the UK market and away from the fast growing Far Eastern market," said Mr Mark Lynch of Laing & Cruickshank, RHM fin-

Asda eased 2 to 106p following reports that Standard & Poor's had lowered its credit rating for the the UK ished 3 easier at 426p.

Speculation that United Biscuits could be set to make a European acquisition kept it food retailers' Eurocommercial on the defensive, while activity paper. Asda also featured in the options market, where it in the options market provided a talking point for the market. was the busiest stock option. Asda traded 4.1m shares. Bass were depressed by the The shares fell 8 to 336p on

pinned as post-Christmas sales above expectations prompted Warburg Securities to become more positive. M&S eased a penny to 206p on 2.9m. Sears held steady at 103p as the bid talk earlier in the week and the activity in the options market on Thursday kept interest alive. Trading was brisk and 4.7m shares changed hands. Standard Chartered were a late firm feature in the banks with dealers saying that the takeover speculation in Royal Bank of Scotland bad quickly switched to Standard Chartered, long-rumoured as a potential bid target. "There was certainly a big buyer around late for Standards and this boosted turnover there,"

Marks & Spencer was under-

the stock. The "big-four" banks suf-fered from lack of interest but held up well as the rest of the equity market fell back

well ahead of usual levels in

harply. Midland managed a minor gain at 371p on a meagre 1.3m shares, while NatWest slipped 5 to 343p on 1.1m and Lloyds 3

to 289p. Merchant banks tended to lose ground on profit-taking. Hambros, boosted earlier in the week by news that Baltica had increased its holding from 12 per cent to 14.03 per cent, eased 2 to 323p, with specialists still perplexed by the Baltica move, "Hambros is surrounded by protective share stakes, which make Baltica's actions

NEW HIGHS AND LOWS FOR 1989/90

NEW MIGHES (25).
BRITISH FUNDS (1) CANADAMIS (2) BASICS,
(2) STORE (1) ELECTRICALS (2)
ERGINEERING (2) FOODS (1) BRUESTRIALS
(2) EHRODON, SOCIETY (3) BRUESTRIALS
(1) FAPERS (1) TOUTLES (1) TRUSTS (6)
CALL (4) BREES (2).
BRUE LOTIS (7)
CANADAMIS (3) BASICS (2) BRUESES (1)
BRUESHOS (2) CHEMICALS (1) STORES

NEALS (4) ENGINEERING (3) NEXISTRALS (13) Boar Brand,

	On Friday			On the week		
	Rises	Falls	Šame	Rises	Felis	Same
Sritish Funds	25	58	17	203	245	52
Corps, Dom. & Foreign Bonds	6	Ō	29	25	21	139
Industrials	190	481	930	1371	2,001	4,669
Finencial and Prope	92	212	390	583	994	1,901
Olie	38	18	40	141	136	191
Plantations	3	1	6	9	9	32
Mines	16	56	86	184	234	384
Others	58	87	108	338	422	504

5 (2) INCUSTRIALS (13) Geor Brano, wr-Gundry, Nortrow, Monton Grp., seirica, RKF Grp., Radiant Metal, Sele, I, Savaga. Spandez. URS Int., Waterma Sp., Widney, RESERANCE (2) LEISUM STORS (2) NEWSPAPERS (1) PAPERS LOPERTY (4) BNOES (1) TEXTRES (ASSPORT (1) Come Freighl., TRUSTS LS (7) MINES (2) THIRD BLARKET (5).

RISES AND FALLS

	Rises	Fails	Same	Rises	Felis	Same	
Sritish Funds	25	58	17	203	245	5	
Corps, Dom. & Foreign Bonds	6	0	29	25	21	139	
Industrials	190	481	930	1371	2,001	4,66	
Finencial and Props	92	. 212	.390	583	994	1,90	
Olis	38	18	40	141	136	19	
Plantations	3	1	6	9	9	33	
Mipot	16	58	85	184	234.	384	
Others	58	87	108	338	422	504	

acknowledging that the Castle move could take business from the UK groups, said that although there was short term negative sentiment it could well be construed as a long-term vote of confidence in the UK industry. McCarthy & Stone, the sheltered homes construction group, came

	Rises	Falls	Same	Rises	Falls	Same	
(Net) Funds	25	58	17	203	245	5	
orps, Dom. & Foreign Bonds	6	0	29	25	21	139	
dutifels	190	481	930	1371	2,001	4,660	
inencial and Prope	92	. 212	.390	583	984	1,901	
//s	38	18	40	141	136	191	
Lentations	3	1	6	9	9	32	
Bpos	16	56	86	184	234	384	
theirs	58	87	108	338	422	504	

428 911 1,506 2,854 4,062 7,872

LEADERS AND LAGGARDS Thursday February 8 1990

Gold Mines Index Packaging & Paper Merchant Banks 4.50 3.83 1.99 **Building Materials** 1.87 Capital Go 0.16 0.21 0.35 0.68 0.81 0.90 1.12 1.42 1.52 2.33 2.37 2.80 3.05 3.17 Conglomerates Banks Food Retailing . Property Oil & Gas Other Groups Publishing & Printing Other Industrial Manager Contracting Construction -Engineering-Aerospace Insurance(Composite)

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APPOINTMENTS

Midland Montagu treasurer

MIDLAND GROUP has appointed Mr David Clark as treasurer and managing director from March 5, at treasury and capital markets, Midland Montagu, the international and investment banking arm of Midland Group. He is deputy general manager and treasurer of Commerciank in London. Mr Clark succeeds Mr Rodolfo Bogni who is joining Swiss Bank Corporation.

Mr C. Nicholas Potter, president of J.P. Morgan Învestment Management Inc, (JPMIM), has been named a managing director of J.P. MORGAN & CO INC with responsibility for the bank holding company's equity investment for its own account. He becomes chairman of JPMIM, and has been succeeded as president and chief executive of the subsidiary by Mr David L Brigham who was managing director and vice chairman of the executive committee of JPMIM. The company has appointed Mr Mark Quilliam as a vice president in the equity research department to cover the chemical industry in the UK and Europe. He was vice president and European chemical analyst at Salomon **Brothers International.**

DOBSON PARK INDUSTRIES has appointed Petite. He was sales and Crump becomes head of and Petite brands.

■ At SKANDIA LIFE ASSURANCE COMPANY Mr Andy Dybie has become financial director in addition to his role as company actuary. Mr Ian Smith becomes director of information technology and Mr Dennis Gamester becomes

appointed a director of Arrowcroft and Arrowcroft Estates, the two principal operating subsidiaries of the ARROWCROFT GROUP. Mr Stenben Tate, marketing

■ Mr Daniel Carter has been

director in MECCA's general leisure division, has been appointed marketing development director for

made director of corporate finance at CHARLTON SEAL SCHAVERIEN, stockbrokers. SEDGWICK JAMES

m Mr Robert Race has been

(London) has appointed Mr Eddie Hazel as managing director of the risk services division. He joins from Alexander Stenhouse where he was director of alternative risk financing and captives.

has appointed Mr Anthony Glossop as chief executive. He was managing director. ■ Mr David Hogg has been

■ ST MODWEN PROPERTIES

promoted to confidential invoice discounting managing director at UCB GROUP. Mr Karsten Borch (pictured)

has become ware chairman and : chief executive of UNITED was until recently a partner, A.P.



Mr Paul Brown (above) has been appointed to the new post of director of private banking and will join the executive committee of LLOYDS BANK. He will retain his previous duties as senior general manager in charge of the

orr ■ Mr Mark Andrews has been appointed as banking director at GRENVILLE TRUST, private banking subsidiary of Granville & Co. He joins from Lloyds Bank where he was relationship manager for the bank's major clients in the commercial property and hotel sector.

Mr Tony Manning has joined TRICOM as group finance director. He was a senior partner and joint founder of the company's auditors, William Evans and Partners.

■ WACE GROUP has appointed Mr Ian Laurence as group marketing director. He joins from Acorn Computers where he was marketing director.

At PHIPPS PLASTICS Mr Keith MacDonald has been

made a director and general manager in succession to Mr Keith Kenyon who is leaving the company. EXTEL FINANCIAL has

appointed Mr Richard **Kellett-Clarke** as finance director. He was finance director of Pickwick Group. Mr Michael Ter-Berg has been made manager, Europe. Mr Andrew Dewar has been appointed as sales and marketing director for

DECLAN KELLY HOMES, part

of the Decian Kelly Group. He moves from Hamptons where he was managing director of the Southern Counties BRITISH RAIL's Network South East has appointed Mr Graham Hewett as director, strategic review. He joins from

secretary in the international transport division. Mr Homer Cox has been appointed financial director of H.L. COMMUNICATIONS, a division of the Hawthorn

the Department of Transport

where he was assistant

Leslie Group. He was with American Express Europe. CDMS has restructured its management. Mr Malcom

Landau is managing director, Mr Francis Armelin business development director and Mr Frank McGlynn finance director. Mr Mike Ramsey is marketing services director. Mr David Garth resources director and Mr Alex Taylor operations director. Mr Brian Billington is credit director and Mr David Heap corporate affairs director.

■ Mr John Anderson has been promoted to the board of P&P MICRO DISTRIBUTORS. He is director-in-charge of sister company P&P Distribution.

COMMODITIES

WEEK IN THE MARKETS

Metal markets show more bounce

THE LONDON Metal Exchange provided further evidence this week to suggest that the recent general bear trend in base met-als prices is over. But there was still no sign of a sustained recovery. The pattern was similar to last week's, with early declines being reversed in mid-week and most LME contracts finishing ahéad on bal-

The biggest rise was in the zinc market, where cash spe-cial high grade metal ended \$44.50 up on balance at a twomonth high of \$1,400.50 a tonne, having dipped to \$1,314 a tonne on Tuesday despite the announcement on Monday of a modest fall in LME warehouse stocks.

Constructive chart patterns were cited as the main reason for the upturn, although traders also noted European merchant and commission house buying. In addition they reported that some supply tightness appeared to be developing for delivery dates in

The three months position for special high grade zinc closed yesterday at \$1,389 a tonne and some pundits were saying that the decisive break

through the \$1,350 barrier had

signalled an early move to

\$1,430 a tonne. The more cau-

tious, however, were pointing

out that a rise of \$120 in the space of just two weeks had not been accompanied by any evidence of a significant rise in consumer demand.

The lead market's strong fundamentals were reasserted towards the end of the week, after the cash price had fallen initially to £423.50 a tonne. The price rose by £15.50 yesterday to £446 a tonne after the three months position, which closed at £424.50 a tonne, had at last broken through the resistance around \$420 a tonne that had halted three earlier

Concern about nearby sup ply tightness lifted the cash copper price to £1,374,50 at yesterday's lunch time ring, establishing a premium over the three months delivery position of 52 a tonne. By the close, however, the gain had been wiped out and a three months premium had been re-established.

The cash copper price ended at £1,359.50 a tonne, unchanged on the day and down £5 on the week. That was still well up on the £1,320 a tonne on Wednesday, however, at which point the cash discount against three months metal had been £10.50 a tonne. Dealers said yester-day's early rise had reflected expectations of a further drawdown from warehouse stocks following last week's 4,200-tonne fall to 99,950 tonnes, a

13-week low. Other net losers on the week were nickel and aluminium, although both rallied quite strongly following early declines. Cash nickel dipped to \$6,195 a tonne before bouncing yesterday to \$6,350 a tonne, down \$262,50 on the week, while cash aluminium pulled back from a low of \$1,417 a tonne to finish just \$4.50 down on the week at \$1,440 a tonne. The gold market flattered to

deceive once again this week. The long-predicted break through the \$425 a troy ounce barrier seemed to many observers to be on the cards when the London bullion market price surged \$5.50 on Monday to a 14-year high of \$423.25 an ounce. But the assault was repelled and liquidation by disappointed bulls saw the price slip to \$415.75 an ounce yesterday, down \$2 on the

Brazilian weather fears came to the rescue of the coffee futures market late in the week, after a fresh 14-year low of £555 a tonne had been reached by the May futures position on Tuesday. The rally came on Thursday, in response to reports of dry, hot weather in Brazil and Colombia, the two biggest producers. But the

upturn ran out of steam yester-day, when the price gained a st £6 to £590 a tonne, up £2 on the week. ACCU-Weather, the private

US forecasting service, said there were no signs of muchneeded rains arriving in Brazil before early next week. The outlook was for above-normal temperatures and below-nor-The dry, very warm weather of recent weeks had begun to

stress coffee trees, ACCU-

Weather said, and if good rains

were not received soon the

crop would begin to be In Colombia, however, coffee areas had a few scattered showers on Thursday, the forecaster said, with a quarter of the area receiving between 0.25 and 0.75 of an inch of rain. And it thought showers and thunderstorms would continue into

the weekend.

The cocoa futures market also hit a 14-year low this week when the May position dipped to £613 during the day on Thursday. Support was found at that level and the price ended the week £3 down on balance at £630 a tonne. However, some observers were still predicting a test of the £600level before too long.

Richard Mooney

Mr Barry Steer as managing director of subsidiary Britains managing director. Mr Tony marketing for both the Britains

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FINANCIAL TIMES SATURDAY FEBRUARY 10 1990 **WORLD STOCK MARKETS** US MARKETS (3pm) 982 71344379 555 551326 おおおおおおおおおおおおおお USS 上本本本語をおする本本本本本本 「本本本」本 خففته أمة أيمة أبيه أي أيم أليم ألي ألين أأبح essi Researce Cla Researce Cla Researce Cla Researce Cla SNP (Cert Inv) 100 Cert Inv) 100 Cert Say 100 Cert +++-+-+---Petrie Stores
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WORLD STOCK MARKETS

AMERICA

Sharp energy price rises cut no ice in New York

Wall Street

A SHARP rise in energy prices, which led to the biggest monthly jump in the US producer price index since 1975, failed to excite Wall Street yesterday, writes Anatole Kaletsky

Share prices were almost unaffected by the producer price figures and the Dow Jones Industrial Average spent most of the morning within a band of 10 points on either side of its overnight close. By 1.30 pm the Dow stood 5.40 up at 2.649.77, having risen by 4.36 on Thursday.
Volume was moderate with

92m shares changing hands by lunchtime, but most of the trading was done in the morning before lethargy set in.
The bond market also

responded phlegmatically to the producer prices. The Trea-sury's old benchmark long sury's old benchmark long bond, the 8% per cept of 2019, was up % at 96% in early aftermoon trading. It yielded 8.43 per cent at this price. The new long bond, the 8% per cent of 2020, was quoted at 101%, to yield 8.39 per cent in when is sued trading. Federal Funds ranged between 8% and 8% per cent.

The bond and stock markets'

jump in the January producer price index was explained by the overwhelming impact of energy prices on the month's inflation. Excluding food and energy, the PPI increased by only 0.1 per cent, a better performance than expected, and this helped to mitigate the shock of the overall PPI report.
Although analysts knew that fuel prices had risen abruptly as a result of the exceptionally

cold weather around the country in December, they underestimated the magnitude of this effect. Thus, the consensus estimate on Wall Street had been for a total PPI increase of 13 to 1.5 per cent and an 0.3 per cent advance in the non-food and energy components. December's frigid weather has been followed by an unusually warm January and February, and analysts expect last

month's fuel price increases to be reversed. Given this generally favourable price picture, some equity investors hoped that the bond market would provide stronger leadership, now that the Treasury's quarterly refunding auctions had been completed. Thus the Dow rose about 14 points in early trading, on hopes that the interest rate pic-

ture would improve. When

equities, too gave up most of their gains.

Elue chips were narrowly mixed, with the heaviest trading seen in Philip Morris, up 3% to \$39%, Chase Manhattan, down 5% to \$28%, AT&T, which fell \$1/4 to \$40, and IBM. which gave up \$% to \$102%. The only special situation was Great Northern Nekoosa, which rose \$1% to \$60%, after a federal judge ruled that Georgia-Pacific would need only a two-thirds vote of shareholders to replace the board. Chrysler advanced \$% to \$16% in response to an unconfirmed report that it was negotiating a leveraged buy-out of its Gulf-stream Aviation unit.

A FALL among gold shares pulled stocks in Toronto down by midsession in modest trade. However, the oil and gas index continued to climb as investors were optimistic about price increases. The composite index lost 3.8 to 3,779.5 on volume of 73m shares. Declines led

advances by 226 to 211.
Texaco Canada shares rose 1
cent to 95 cents in light trade after the company, in its first year of operation, reported a loss of C\$12.8m.

Grey areas discolour much green imagery

questioned its status as a green company in the light of the failure of UK petroleum compa-nies to encourage the recycling

of oil, for example.

HE NEW world consensus is that it is no longer possible merely to ger possible merely to contain environmental deterioration. Sustained and active efforts have to be made to reverse the process. This change in popular perception is starting, perhaps belatedly, to have a big impact on gov-

ernment policy.
The range of concern is broad. Worries about pollution of the atmosphere cover acid rain, global warming, the destruction of the ozono layer through the use of chlorofluorocarbons, for example in aerosols, and the spreading of toxic substances, such as those from car emissions.

On land, the focus is on

producing organic food and

reducing the use of artificial fertilisers, of recycling paper, glass, plastic, metal and oil, and of waste management. On top of that, there are concerns about pollution of inland waterways and the sea. Estimates by Paribas Capital Markets Group, in a review of the companies likely to benefit from environmentalism, put the amount currently spent on pollution control in the European Community at less than 1 per cent of national income. Yet 3 per cent to 5 per cent of national income is lost, it esti-mates, through the damage

done by pollution, through lower agricultural production

sluggish throughout the day

after falling heavily in the morning. The Nikkel average moved from a high of 37,509.07 to a low of 37,192.88, closing down 228.10 at 37,288.14, a 1 per

Declines outnumbered advances by 574 to 353 with 204 unchanged. The broad-based

Topix index fell 10.98 to 2,734.17

Topix index fell 10.98 to 2,734.17 and, in London, the ISE/Nikkei 50 index eased 1.05 to 2,013.81.
The last time volume sank to a level as low as yesterday's was on August 29 last year, when worries about a falling yen and the downward earnings revision of a leading high-technology company had cast a cloud on an aiready singgish summer market. Most of ves-

terday's activity was index-linked, including buying by index funds and selling by

arbitrageurs unwinding their

national elections to be held a

week from tomorrow, there

was still a chance that interest would start to revive as early as next week, said Mr Hiroshi Taguchi at Nomura Securities.

Buying was scattered, with some heavy capital issues enjoying a return to favour.

Kobe Steel turned up at the top of the volumes list with 5.7m shares and rose Y13 to Y738.

NKK followed with 5.1m shares and nudged up Y2 to Y695. Kawasaki Steel, however,

which was third in volume

with 4.9m shares, remained depressed, losing Y9 to Y777. Some smaller issues were fancled for their scrip issue

prospects. Riken Vinyl was sixth in the most actives list, rising Y100 to a record Y1,410. Interest in Riken was fanned further by rumours that speculators were buying.

Although the majority of investors are likely to keep a low profile until after the

futures positions.

cent fall on the week.

ASIA PACIFIC

Tokyo

and the damage to buildings and health. If Europe follows the lead of the Dutch Government, which plans spending on the environ-ment of 3.5 per cent of national income by 1994, the market in greening the EC could be worth \$225bn a year by the

turn of the century.

Add in the degradation of the countries of Eastern Europe – the World Bank esti-

Stephen Fidler investigates why building your green share portfolio could well be more complicated than you think

mates that retrofitting fraught the issue is. While Poland's power stations to combat pollution will cost scanning and it becomes a huge fraught the issue is. While motorists are pumping less lead into the atmosphere, they are probably accelerating the combat pollution will cost \$20bn - and it becomes a huge

Yet building your green share portfolio could be more complicated than you think. Among companies, there will be winners and losers. Many will be winners and losers. And those companies that try to portray the greenest image are not necessarily those that will benefit most from greater concern for the environment. "British Petroleum is a good example of a company whose green credentials need to be

global warming by consuming up to 10 per cent more fuel. As Paribas points out: "Stricter environmental standards are likely to turn some allegedly 'green' concerns into villains as they find the environmental goalposts moved."

Many leading companies in the field are part of large cor-porations, the other activities of which may be less than eco-logically sound. Many other companies are private. Even those publicly quoted and in

Hong Kong

One of its main interests is a landfill site which it says is surrounded by clay. As Paribas points out: "It is used for the placement of various hazardous wastes on the assumption that no leakages into the ground water system can take place. But what if they do? Making good the damage will

not be cheap."

In a stricter regulatory climate, companies involved in operating incineration plants could face heavy costs in restoring soil quality, it adds. So what are Paribas's first choices for an initial portfolio of European environmental stocks? In France, it has gone for Générale des Eaux – Europe's leading waste man-agement company – and Lyon-naise des Eaux and its 63 per cent subsidiary, Sita, which control a lot of the rest of the market. These companies are also well positioned to address

water pollution issues, particu-

larly in the UK where there is

great concern about water quality. It also likes Air Liq-

In the UK, it names Shanks and McEwan, Attwoods, HT Hughes – all landfill companies concentrating on non-haz-ardous waste - and Caird, which has a waste incineration

questioned," says Paribas. "A the "right" businesses could be fisky.

paign is being carried out." Take Leigh Interests, the choices are Billinger & Berger, with its water purification with its water purification expertise. Metallgesell-schaft/BUS, which makes incineration, recycling and sewerage hardware, RWE, also a maker of incineration and recycling equipment, and KSB, a water pump manufacturer.

In the Netherlands, it chooses Norit, specialising in activated charcoal water purification systems, and Grontmij, which offers equipment and consultancy services for air pollution detection and remediation, land restoration and landfill. Spanish companies favoured are Aguas de Barce-lona, in which Lyonnaise has a 20 per cent stake, and Focsa.

P aribas avoids trying to limit its shares to those popularly perceived as ethical or green shares. Indeed, so-called ethical investment has its pitfalls.

Last year, the Economist magazine constructed a notional Abusive Fund based on six "unethical" sectors: South African industrial and mining stocks, and London-listed tobacco companies, breweries, oil companies and chemical firms. The fund overall made impressive 50 per cent gains. Meanwhile, the average return for your ethical investor

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Frankfurt succumbs to slide in domestic bonds

THE SPECTRE of higher interest rates haunted the Con-tinent yesterday, as depressed bourses saw the yield gap wid-ening between bonds and equity investments, writes Our

FRANKFURT succumbed to the fifth consecutive day of declines in domestic bonds. Bond prices fell by up to 90 pfg yesterday in spite of an initial attempt at a rally, and a confident, measured assessment of economic prospects by the Bundesbank president, Mr Karl Otto Pohl, in the context of monetary union between East and West Germany.

The FAZ and DAX indices continued the correction inter-rupted by bullish Soviet news on Thursday the former took a lower on the day, and 1.3 per cent over five days, at 1,885.89. Volume slid from DM12.1bn

to DM9.5bn as profit-taking focused on the international blue chips which have led the market up in recent months. Daimler fell DM13.50 to DM907, Deutsche Bank DM18 to DM821 and Siemens DM19.80 to DM772,50. However, BMW was also deemed rich pickings after a six-session rise of DM101, and fell DM14 to DM820.

PARIS fell in modest volume as investors sat and worried about the higher-than-expected US producer prices figures domestic interest rates and German reunification. The CAC 40 index ended 7.26 points down at 1,898.25 after a small opening rise; the index lost 1.4 per cent over the week.

Beghin-Say, the sngar group, lost FFr23 to FFr790. A block of 5 per cent of the company's shares was bought by Ferruszi of Italy, which already held a majority of the voting rights. Compagnie Bancaire, the financial services group, lost

FF:13 to FF:564 after announcing higher profits but warning of a difficult year ahead.

MATIONAL AND

The biggest gain of the day

temporary employment agency, to FFr520 in active ading of 74,125 shares.
AMSTERDAM followed the

bond market lower amid fears of a rise in interest rates. The CBS tendency index shed 0.9 to 110.4 - 2.8 per cent below the previous Friday's close.

KLM, the airline, fell further after the previous day's disappointing results, losing F1 1.60 to F1 34.80 on volume of \$45,101 charge. However, the steel

shares. Hoogovens, the steel producer, dropped F12.20 to F167.80 on strike prospects. MILAN flopped on thoughts of Monday's monthly deadline for options contracts, heavy sales by mutual lands, flagging interest from foreign investors

midsession fall of 5.84 to 791.04, gains tax.
down 0.5 per cent on the week, ... The Count index fell 5.91 to down 0.5 per cent on the week. The Comit index fell 5.91 to and the latter closed 29.90 671.82 for a 1.8 per cent drop on the week. Traders said that the market's losing streak wa

market's losing streak was accentuated by an unexpected surge in volume.
In the banking sector, Mediohanca slipped L325 to L18,420; in insurances, RAS fell L780 to L24,200; and among industrials, Olivetti shed L175 to 16,890, down L395 over the last four days.

last four days.

ZURICH took profits before the weekend, worried about Frankfurt and closed in the uncertain, cautious mood in which it had opened the week. The Credit Suisse index eased

3.1 to 615.1 to end the week with a rise of 0.2 per cent. MADRID eased amid fears that economic statistics on Monday will reveal a rise in inflation. The general index was off 195 at 286.52, but it was 1.2 per cent higher over the

SOUTH AFRICA GOLD shares closed easier in Johanneshurg as the bullion price remained listlessly below \$420. The rest of the market also drifted lower in thin trading. The gold index fell 3.4 per cent on the week.

THURSDAY FEBRUARY 8 1990

week. Equities also suffered as investors switched their money into higher yielding govern-

VIENNA hit its second consecutive high on sustained interest from foreign investors. The bourse index added 3.4 to 662.47 in lively trade, a 5 per cent rise on the week. Construction stocks and regional banks were in highest favour.

OSLO eased in active profittaking after a string of record highs, the all-share index losing 2.34 to 606.24 in trading worth a total of NKr486m, for a 4.5 per cent gain on the week STOCKHOLM ended mixed as political uncertainty followed the government plan to introduce a tough economic package. Turnover, at SKr83m, was still limited by the bank workers' strike. The Affarsvärlden general index lost 5.5 to 1,236.9, down 1.8 per cent over the week.

Trading resumed in Esselte, the office supplies and media group which is the target of Sweden's largest leveraged buy-out attempt. Its free Bs climbed to SKr235, up SRr20 from their price before suspen-

sion on Monday.
Ericason, the talecoms group, slipped SKr26 to SKr947 on profit-taking after a slightly better-than-expected 1989. report on Thursday.
BRUSSELS lost further ground. After shedding 48.63 on Thursday, the cash market index slid 12.31 yesterday to 6,103.82 for a 2 per cent fall

over the week.
Industrial stocks were the main losers. Cockerill Sambre, the steel company, rapidly lost the gains it made on Thursday after announcing it had bought a majority stake in Ymos, a West: German auto-parts maker. It fell BFr4 to BFr188. Arbed, the Luxembourg steel maker, shed BFr50 to BFr4,500. HELSINKI barely moved as trading activity was reduced to a trickle by a banking dispute.

The Unites all-share index fell

WEDNESDAY FEBRUARY 7 1980

Volume subsides before the long weekend A move in Osaka to buy high-tech and high-priced issues was seen by one analyst as a sign that buying interest ARBITRAGE selling and small-lot profit-taking sent could start to build up in the market focusing on such issues. Nintendo, the maker of TV video games, for example, rose Y1,000 to Y18,300 on heavy share prices lower yesterday, with investors largely choosing to remain uncommitted before the long weekend, writes Michigo Nakamoto in Tokyo. volume. The OSE index rose Volume hit a five-month low, falling from 430m to 364m shares, and prices remained 47.97 to 38,642.34, as volume

> INVESTORS in both Hong Kong and Singapore decided they could not afford exposure over the weekend, and profit

from the aggressive buying in the recent bull market. Turnover was a respectable HK\$1.52bn, compared with HK\$1.97bn on Thursday. SINGAPORE also encoun-tered profit-taking after Thurs-day's record close at the end of

a two-week bull run. The Straits Times Industrial index shed 7.26 to 1,581.52, giving it a rise this week of 2 per cent. Turnover tumbled to 153m shares compared with Thursday's 214m. TAIWAN shook off the weak-ness of the past few days and advanced to record levels, with

strong gains by mutual funds boosting confidence. The weighted index rose 362.96 points, or 3 per cent, to 12,417.47, a rise on the week of 1.6 per cent. Volume picked up

market remained preoccupied with the high level of corporate debt, following the appointment of a provisional liquida-tor at Westmex earlier in the week. The All Ordinaries index lost 17.8 to 1,630.6, a fall on the week of 2.3 per cent.

Among highly geared companies, Adelaide Steamship fell 32 cents to A\$4.72, with 1.33m shares traded, and News Corp dropped 40 cents to A\$10.45. Total volume was 115m shares

NEW ZEALAND fell to its lowest level for more than six months, as the Barclays index lost 7.46 to 1,905.02. SEOUL eased in moderate

trading, after reports that the Korean Securities Supervisory Board had charged executives of three listed firms with to 1bn shares from 749m. insider trading. The con AUSTRALIA declined as the index fell 3.42 to 879.10. insider trading. The composite

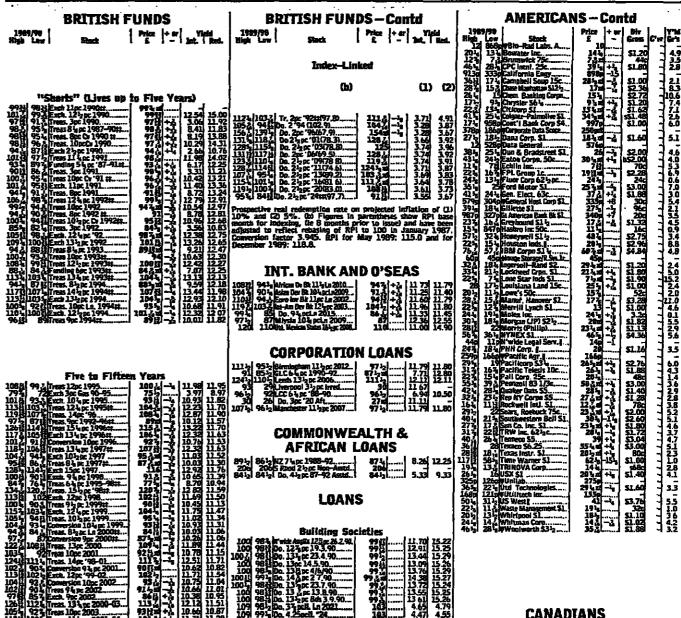
0.2 to 665.4.

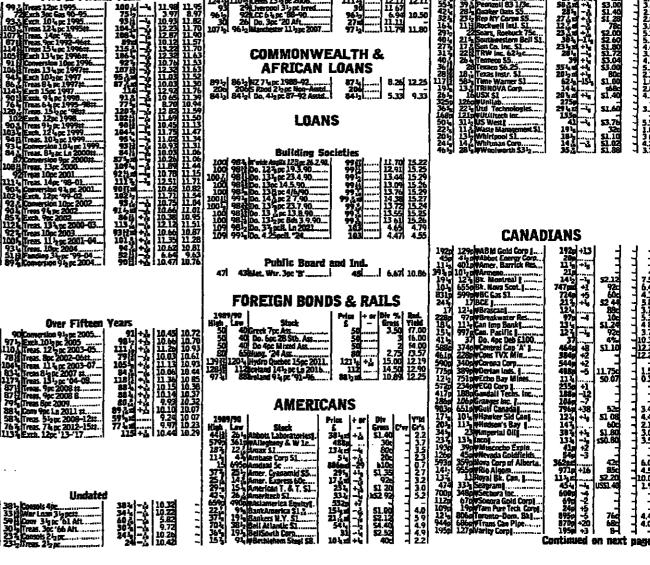
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie In conjunction with the Institute of Actuaries and the Faculty of Actuaries

REGIONAL MARKETS												
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	144.27	-0.7	126.79	127.43	+0.1	5.30	145.38	126.81	127.33	160.41	128.28	152.27
Austria (19)	248.48	+0.3	216,60	214.25	+1.5	1.24	245.70	214,34	211.14	247.58	92.84	95.74
Belgium (61)	146.60	~20	128.84	126.54	-1.1	4.40	149.67	130.57	127.89	160.02	125.58	135,12
Canada (120)	141,64	-0.7	124.48	122.77	+ D.3	3.30	141.73	123,84	122.43	154.17	124.67	135.33
Denmark (36)	258.51	- 1.0 .	225.43	224.50	-0.4	1.43	258.97	225.92	225.A2	260.82	165.35	158.03
Finland (26)	150.89	-0.5	132.51	124.92	+0.2	2.40	151.67	132.31	124.82	159.16	118.63	145.02
France (125)	151.51	-0.5	133.15	134.99	+0.4	2.79	152.23	132.80	134.50	157.97	112.57	119.98
Vest Germany (96)	133.99	-0.5	117.76	116.51	+0.6	1.82	134.61	117.43	115.78	137.01	79.56	86.30
Hong Kong (48)	119.82	+23	105.12	119.95	+2.3	4.78	116.95	102.03	117.28	140.33	86.41	133.77
reland (17)	196.58	8.0 -	172.76	174.92	+0.3	2.39	198,08	172.80	174.3 9	198.57	125.00	138.75
bely (96)	97.38	-1.1	85.58	90.49	~0.3	2.54	9 8.46	85.90	90.78	102.11	74.97	79.72
Japan (455)	183.91	-82	161.62	168.97	-0.2	0.48	184.19	180.68	189.35	200.11	184.22	196.10
Maiayala (36)	243.30	-0.2	213.82	253.46	-0.2	2.11	243.87	212.74	254.06	243.87	143.35	158.66
Mexico (13)	357.13	+0.8	322.65	1095.03	+ 0.8	0.47	364.09	317.62	1085.96	371.83	153.32	165.00
Netherland (43)	139.50	+0.9	122,50	120.12	+20	4,48	138,21	120.57	117.80	145.66	110.63	114.46
New Zealand (18)	68.76	-1.4	60.45	61.63	- 1.2	5.72	69,78	60.87	82.40	88.18	82.64	74.39
Norway (24)	241.53	+ 1.4	212.26	211.45	+ 1.9	1.30	238,12	207.73	207.58	241.53	139.92	150.46
Singapore (25)	196.21	-0.5	172.43	168.38	-0,3	1,73	197,26	172.09	168.95	199.38	124,57	142.97
South Africa (80)	241.94	-2.7	212.52	175.41	-0.7	3,18	248.57	215.84	178.58	251.38	115.35	128.11
Spain (43)	158.19	 1. 1.	139.03	130.15	+0.0	4.03	160.02	139.60	130.20	169.75	143.14	147.29
Sweden (35)	198.04	-0.5	174.04	179.20	+0.2	1,95	199.06	173.65	179,87	206.95	138.45	150.69
Switzerland (62)	97.24	+0.4	85.46	90,10	+1.3	1.99	96.87	84.51	88.91	99.12	67.81	76.79
United Kingdom (306)	160.21	+0.2	140.80	140.80	+0.9	4,49	159.93	139.52	139.62	164.31	133.28	152,43
USA (542)	134.79	-0.2	118.48	134.79	-0,2	3.52	135.00	117,77	135.00	146.29	112.13	120.53
	144.54	-0.2	127.03	126.73	+0.7	3.38	144.83	128.34	125.88	146.66	112.63	120.76
Europe (988)	199.53	-0.5	175.35	170.32	+0.1	1.70	200.47	174.88	170.08	201.89	137.95	146.50
Nordic (121)	180.03	-0.1	158.22	165,47	-0.2	0.73	180.28	157.27	165.76	194.72	160.44	191,61
acific Basin (667)	166.08	~0.2	145.94	150.08	+0.1	1.66	166.32	145.09	149.88	174.18	141.58	163.26
uro – Pacific (1856)		-0.1	118.73	134.04	-0.1	3.50	135.31	118.04	134.21	146.66	112.79	121.32
Vorth America (662)	135.10	-0.4	117.38	117.94	+0.5	2.64	134.16	117.04	117.34	135.73	96.30	101.28
urope Ex. UK (683)	133.57 133.43	+0.1	117.26	121.54	+0.5	4.71	133.28	116,27	120.83	140.05	111.93	137.68
echic Ex. Japan (212)		-0.2	145.94	149.70	+0.1	1.73	166.37	145.14	149.62	173.77	141.49	161,94
Vorid Ex. US (1849)	165.06	-0.2	134.70	145.04	-0:1	2.05	153.60	134.00	145.13	162.00	136.98	145.38
World Ex. UK (2085)	153.27	-0.2	134.76	144.38	+00	2.27	153.57	133.97	144.32	161.84	136.87	146.10
Norld Ex. Sc. Al. (2331)	153.33		122.98					122.30	131,85	145.52	114.51	121.92
Norld Ex. Japan (1936)	139.92	-0.2		132.13	+02	3,49	140.19					
he World Index (2391)	153.87	-0.2	135.23	144.61.	+0.0	2.28	154.15	134,47	144.56	152.05	136.68	145.99
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FINANCIAL TIMES

Weekend February 10/February 11 1990



power bill may rise sharply

ELECTRICITY PRICES for expected to be frozen for a year but could then rise by up to 40 per cent over the following two years, according to figures shown to industrialists by the

Energy Department.
At a meeting of industrialists, attended by a 10 Downing Street official, Pilkington, the glass manufacturer, is said to have complained that the new prices would have a serious effect on the viability of an electric melting furnace which it is about to commission at St

The rises will occur as a result of the removal of price concessions currently enjoyed by large energy intensive industrial sites.

Details of the increases will be given on Monday by Mr John Wakeham, Energy Secretary, when he discloses the latest stage of his efforts to ensure that the electricity industry meets its privatisa-tion Vesting Day of March 31. Although smaller industrial

and commercial businesses will have annual increases les than inflation, industries such as chemicals, glass and steel, whose electricity bills are already among the highest in the European Community, fear that when the freeze ends they will be much worse off.

As well as publishing the licences for the new electricity companies in England and Wales and the commercial contracts between generators and distributors, Mr Wakeham is expected to indicate the size of the levy on electricity prices to subsidise nuclear power which remains in the public sector.

vatisation will cause no drastic increase in prices for domestic and business consumers for up

to eight years. He will also seek to placate heavy industrial users which receive price concessions in exchange for taking their power during off-peak hours. They say that as a result of losing this concession they will face increases which may force them to close marginal works or move them overseas.

Large customers will also no longer be exempt from trans-mission and capacity charges and will have to pay the 10 per cent nuclear levy. They are particularly worried about the size of transmission charges.

A leading chemical manufacturer said last night the 12 month freeze was far too short a period for industry to make

alternative arrangements.

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LONDON (Pence)

Industry | Sock Shop loses £4m in first half

By Maggie Urry

MS Sophie Mirman, chairman of Sock Shop International, was putting on a brave face yesterday after revealing that her hosiery retailing business lost £4m in the first half of its financial year. "This is the end of the bad news from Sock

Shop," she said.
She countered rumours about the group's future say-ing: "We have no intention of selling the company or our

Even so, the group has to overcome a number of hurdles. There is a refinancing package to be arranged and agreed by shareholders. The sale of a majority stake in the compa-ny's US business must also be finalised. Losses for the year to the end February, predicted to be "material," must also be

Ms Mirman said the hot weather last summer — the warmest since records began bare-legged and sales of socks and tights fell sharply.

Transport strikes affected the group's shops in stations which lost trade, and the rise in interest rates meant increased payments on the company's high level of borrowings.

It is a long way from the group's flotation in 1987 which

shares, launched at 125p amid

a wave of enthusiasm for "niche" retailers, reached an all time peak of 325p in August 1988. They closed yesterday at 48p, down 8p, valuing the group at £10.6m.

The company was established by Ms Mirman and her husband, Mr Richard Ross, in 1983 with the help of a £45,000 loan from Barclays Bank backed by the government loan guarantee scheme. The two are now joint managing directors.

The company operates from 125 stores in the UK and Europe. The 17 shops in the US have been closed. Analysts say the group's expansion was more rapid and more expensive than it could cope with and its move into the US, in December 1987, was ill-judged. As a result the group has debts standing at £16m and must write-off £4.8m covering the US busi-

expected to involve institu-tional investors, and possibly a retail group, buying new shares in the company. Ana-lysts estimate a cash injection of as much as £10m might be needed to get the balance sheet back into shape. That might mean the 80 per cent stake that Ms Mirman and Mr Ross hold in the company being reduced below 50 per cent.



RHM prepares for £180m sale |Lloyd's of Cerebos Pacific to Suntory

By lan Rodger in Tokyo and Nikki Tait in London

RANKS Hovis McDougall, the UK bakeries and food group, is negotiating with Suntory of Japan to sell its 70 per cent shareholding in Cerebos Pacific, the Singapore-based food group which makes Cer-ola sait and Brand's Essence of

Chicken. If the deal goes ahead, this could suggest a significant shift in RHM's geographical expansion policy. For Suntory, it would represent the group's first venture into Asia, outside

A statement released to the Singapore stock exchange, where Cerebos is listed, said the negotiations were at "an advanced stage" and were expected to lead to an offer by Suntory for all the shares of Cerebos at a price of S\$8.25 per share. This would value the company at S\$825m (£260m) and RHM's stake at around

£180m. RHM formed Cerebos Pacific as a holding company for various Far Eastern interests in 1981, and floated off a minority stake a couple of years later. The UK company, with prod-

Rises Jidosha Buhin 1090

CHIEF PRICE CHANGES YESTERDAY

ucts ranging from Mr Kipling cakes to Robertson's jams, was reluctant to comment further on the deal yesterday. How-ever, RHM indicated a few months ago that it was looking to expand into Europe - although it played down any suggestion that any significant transaction was imminent and a Cerebos Pacific disposal seems further evidence of a

year to end-July, and S\$40.7m after tax. The deal will not require the approval of RHM's shareholders, the largest of which is Sir James Goldsmith's Sunningdale consortium. Sunningdale, which owns 29.9 per cent of RHM, said yesterday that it was awaiting details of the

shift in geographical ambition. Cerebos Pacific made a profit before tax of \$\$63.1m in the

Suntory, the drinks group best known for its whiskies and beers in the Japanese market, has been expanding its presence overseas in recent years through various acquisi-tions and arrangements with other countries.

this week, however, indicate

that the favoured option would link directly the property tax

set by local authorities with an

individual's income as assessed by the Inland Revenue.

system, the tax would be levied on individuals rather than on

households, which Labour hopes would deflect criticism that property taxes tended to

penalise those, particularly the

elderly, who lived alone. Mr Gould, whose statement

was agreed after lengthy dis-cussion with other members of

"sweep away all the injustice

Unlike under the old rating

In 1980, it acquired Pepcom Industries, a bottling franchise for PepsiCo in the US, and sub-sequently bought vineyards in France in Bordeaux and California and a number of mineral water companies in the US. In the autumn of 1988, it agreed to pay Y20bn (£80m) for

a 25 per cent stake in Allied Lyons, the UK food and drink group, making it Allied's third biggest shareholder. Allied in turn paid Y6bn for a 1 per cent stake in Suntory, becoming the company's first outside shareholder ever. A joint venture was established to sell Allied's spirits brands, led by Ballantine scotch, in Japan and Sui tory products in other coun-

A Suntory spokesman said the move was part of the group's strategy to raise its overseas revenues to Y1,000bn a year by the year 2001. Its overseas sales are now Y50bn a year. He said Cerebos's strong presence in south Asia and Australasian markets, would be used to distribute Suntory products, and the two groups would exchange technology.

and unfairness of the Poll

Tax." He also pledged that his

preferred scheme would not undermine the present confi-

dentiality of income tax

leadership, however, that its final plan should be immune

from attack by the Conserva-tives was reflected in the fact that it decided to defer final

publication of details until the

Government ministers made

clear last night that they

autumn.

of its alternative.

Concern within the Labour

syndicate may sue over loss

By Patrick Cockburn

ALMOST 500 members of Lloyd's of London, the insurance market, are considering legal action for negligence over \$250m (£147.6m) losses to their syndicate caused by substantial asbestos and poliution claims in the US. The move confirms the trend

for members of Lloyd's syndi-cates, facing heavy cash calls and with unlimited liability under Lloyd's rules, to sue the members' agents who intro-duced them to the managing agents who ran the syndicate when the losses were incurred. At a meeting this week, peo-ple who were members of Pulbrook non-marine Syndicate 90 in 1982, managed today by Merrett Holdings, asked a firm of solicitors to see if they had a case that the losses had been suffered as a result of negli-

The move follows the decision last December by 814 members of Syndicate 317/661, managed by RHM Outhwaite the troubled Lloyd's under writer, to start the largest legal action in the history of Lloyd's, against 81 members' agents who introduced them to the Outhwaite syndicate for the year 1982 and which has since had losses of £304m.

The members of Pulbrook 90, whose managing agency was sold to Merrett Holdings in 1985, have already had to pay £52,500 for each £50,000-worth of business being conducted on their behalf by the syndicate in 1982, the accounts for which have never been closed.

Mr Patrick Brown, co-ordina tor of this week's meeting, said that the 478 members of the syndicate faced a further cash call in May which, for a member with a £50,000 commitment, meant paying up a further

He said some syndicate members would have a real dif-ficulty in meeting their com-

A large source of complaint among members of Syndicate 90 is that, in 1982, their principal members agent did not sufficiently diversify the commitments of its members into different syndicates, as is tradi-tional at Lloyd's, thereby limit-ing the potential risk to individuals who had put up their money to provide the syndi-cate's capacity. Mr Brown says that as a result of the size of these commitments some indi-vidual members of the syndicate face losses of £200,000. The present cash call came after Pulbrook 90 agreed last November to tear up a reinsurance contract reached with RHM Outhwaite in 1982 in

return for a payment of \$60m over the next five years. Mr David Robson, the director of Merrett responsible for Pulbrook 90, said yesterday that Outhwaite might make further payments, bringing the total to more than \$100m depending on the level of the

According to D J Freeman the City solicitors instructed by members of Pulbrook 90, counsel will be retained to look in particular at whether members were told enough in 1982 about the kind of risks the syn-dicate was insuring and also the circumstances under which the reinsurance contract was agreed with Outhwaite.

Tricky times at home and abroad

With an air of calm rather at odds with the upheavals else-where in the world, the FT-SE eems to have settled at the 2.300 level. In one respect, this is logical Whatever the tremis logical. Whatever the tremors coming out of Germany, the mode of transmission to the UK is the exchange rate; and so far, sterling has held its own. Perhaps the markets trust the Bundesbank to stem the inflationary tide. Or perhaps they reason that if the Bundesbank gives way to polife. Bundesbank gives way to political expediency and gives currency union its head, the D-Mark will have lost its respectability as a one-way bet.

Either way, the international context will remain an unsettle. context will remain an unsettl-ing influence for a while yet. From next week, the domestic context may not be very sooth-ing either. The average earn-ings figures for December are likely to show no slowdown, in spite of the reduction in over-time. Unemployment is likely

to show a fall.

And above all, the PSDR figure on Friday may confirm growing suspicions that this year's official forecast of year's official infects of the state of the

By the following week, the results season will be in full swing. There is no rational reason why this should upset the market, since expectations are pretty low already. But it is a racing certainty that there will be nasty surprises as well as nice ones. With the market in jumpy mood already, the for-mer may have more influence. The 2,300 floor may well hold; but it could be hard work get-

Sock Shop

ting off it.

Living proof of the saying that niches can become tombs was provided by Sock Shop's interim results yesterday. Small outlets selling hostery to passing railway commuters seemed to be a great idea for a while; but when the weather is closed, the concept loses its lustre. Sock Shop is now having to dilute its formula by offering T-shirts and swimwear in order to reduce its vulnera-The twin British retailing follies of over-expansion and a

desire to conquer the US merely accentuated the effect of the consumer downturn on Sock Shop's fundamentally weak position. The parlous state of the group's finances is such that it would take a twoFf Index fell 14.6 to 1,830.7

US Yield Ratio US Long bonds Redemption Yield divided by S & P Composite Yield

for-one rights at 36p, not a large discount to yesterday's 48p close, to wipe out the cur-rent level of borrowings. The US write off, equal to almost half the company's market cap-italisation, means that the group will have a negative net worth by the end of the finan-

cial year. Although the company is still making a profit at the operating level, the institutions which are apparently negotia-ting to refinance it seem to be taking a gamble. Expansion in the UK is over, the US disasterwill be converted into a small minority stake and growth in Europe will take time and money. In contrast to the flotation, investors will hardly be rushing to fill their boots.

Quoted UK

Apart from the wretched performance at the Lombard Street division, thanks to £50n of debt write-offs, 1989 was at Quoted UK, the conglomer-ate which speaks to the world through Hoars Govett. Even the hard-pressed construction business squeezed by with less than a 2 per cent fall in pre-tax

Overall, the industrial sub-sidiaries delivered earnings growth of 8 per cent; they can expect another 9 per cent in 1990. Only three busin building, insurance and steel - can expect falling profits in 1990, and one of them can blame it partly on the weather. Yet like most annual reports, Quoted's is long on self-congratulation, short on future strategy. True, it is gratifying that the balance sheet is stronger than all the talk about corporate sector deficits suggests. Quoted's end-1989 net gearing of 24.4 per cent is high by recent standards, but could fall cent in 1991 on the basis of rising cash flow and a run-down in bid activity and capital investment.

However, judging by its chairman's statement, Quoted is having trouble deciding what to do next. He does not like Brussels, so he is lukewarm about western Europe; and as for eastern Europe, he thinks it a good idea but too risky. And while he likes Mrs Thatcher, he is not too taken with high interest rates and thinks electricity privatisation could be a political minefield. It all seems to point to some mega-bids for North American companies next year.

Royal Bank

Bankers are different from other sorts of managers, or at least they like to think so. Whereas the Royal Bank of Scotland showed little hesitation in financing a hostile bid for Scottish and Newcastle Breweries in 1988, it is making very sure that it retains its

own independence.

It says as much in its mission statement; and its next chairman is likely to be Mr George Younger, who supported the bank's fight for independence in 1981. So it should come as no shock that it is assembling a group of friendly shareholders.

Banco Santander, the biggest shareholder, has already agreed to vote with the Royal

Bank board; and yesterday Scottish Equitable replaced the Kuwait Investment Office as the group's second biggest shareholder. No doubt there was a collective sigh of relief in Edinburgh's St Andrew Square. The KIO may be nice folks, but their presence on a share register does not contrib-ute to peace of mind in the

There are good business reasons why Scottish Equitable wants to strengthen its ties with its close neighbour. Nevertheless, a £75m investment is a rather expensive way of protecting a business connection. and it does not have to worry what its own shareholders will

on a par with Standard Life's protective investment in the Bank of Scotland. But the sharp drop in the Royal Bank's share price yesterday reflects the understandable belief that it is no longer the most attractive takeover target in the UK banking sector. The short-ter-mism of City institutions can be criticised: so can the Royal Bank's desire to remain inde-

What happens when those with an experience of wealth meet those with a wealth of experience?

back to its 1986 level of 17.6 per

Most of us can remember the days when £100,000 was a fortune beyond the dreams of avarice. Today, whilst still a substantial sum of money, inherited wealth is a 'problem' facing an increasing number of people.

Help is at hand Capital House is not only the investment

management arm of The Royal Bank of Scotland Group but, with more than £2.6 billion under management, is well-used to advising Private Clients. The most common reactions to the acquisition of a six-figure sum are those of fear (of losing it) and confusion (what to do with it). Understandably, many people decide not to make a decision, preferring to leave their money in the bank or building society. This is rarely the right course of action.

A weight off your shoulders Capital House has a somewhat more positive

approach. We begin by appointing a personal investment manager whose job it is to look after your affairs. He or she will have been carefully groomed for this key position and will have had

to demonstrate sound investment judgement The first step is to arrange a meeting to establish your current financial state of health and to discover what you want your money to help you achieve. A key part of the service is a thorough review of your tax affairs - particularly important with separate taxation for married couples being introduced from April 1990.

With this background brief, your investment manager will suggest an investment strategy, discuss this with you in detail, and establish your investment portfolio. Your manager will be responsible for investment decisions, report to you on actions taken and deal with all of the associated administration and paperwork - even down to completing your tax return for you.

If this sounds an attractive prospect, we suggest that you read our Private Client Investment Services brochure. Simply fill in the coupon or start getting used to personal service by ringing either Ian Mackenzie in Edinburgh on 031-228 4477 or Richard Carey in London on

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WORLDWIDE WEATHER

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would continue to seek to deflect Labour's attacks on the the Shadow Cabinet, said that Labour was now in a position to promise voters in this May's local elections that it would poll tax with constant demands that the Opposition spell out in detail the cost for individuals

Soviets Continued from Page 1

Poll tax Continued from Page 1

On arms control. Mr Baker and Mr Shevardnadze held more than nine hours of talks on Thursday in an atmosphere

positive. Mr Evzen Vacek, Czechoslovak Deputy Foreign Minister, also announced yesterday that
Moscow would begin pulling
troops out of Czechoslovakia
within days.
The bulk of the Red Army

soldiers will leave by the end The arrangement appeared to be a compromise between the Soviet Union and the Czechoslovaks during three days of talks in Moscow.

demanded the complete withdrawal of the Soviet troops this vear in a clear signal that the Kremlin's east European allies will now take a different tone with Moscow. Mr Vacek, speaking on Czechoslovak television after the talks, said the only point

Czechoslovakia's new coali-

tion Government

left undecided in three days of talks in Moscow was when the last Soviet soldier would leave The Red Army invaded in 1968 to crush the Communist-led reforms of the "Prague

City trial continued from Page 1

Leading for Mr Ronson is Mr Robert Harman, whose legal Michael Sherrard, QC, a coundities include sitting as a cil member of Justice, the Britannian of the international control of Large and Charman ish section of the international committee of jurists, who has an extensive international

Mr Colin Nicholls, QC, appears for Mr Parnes, and is a leading extradition law spe-Sir Jack Lyons' QC is Mr Office.

of Jersey and Guernsey where one of his fellow judges is Mr John Chadwick, QC, who leads for the prosecution in the Guinness case. The prose-cution team includes two more QCs and one junior counsel, backed by lawyers and detectives from the Serious Fraud

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SECTION II

Weekend February 10/February 11, 1990

HE FIRST sign of the intruder was a 75 cent discrepancy in one of the accounts at the Lawrence Berkeley Laboratory's computer in California.
From this tiny clue, a year-long chase led through military installations the length and breadth of the US; and it ended this week in a West German courtroom where Markus Hess, a computer hacker with truly Teutonic stamina, faces charges of spying for the Russlans.

The Sherlock Holmes of this extraordinary tale is Clifford Stoll, a designer of telescope optics at Berkeley who took a job in the computer department when his astronomy grant ran out. After discovering that Hess had gained entry to his computer, Stoll investigated and deduced that his unseen adversary was a nervous, methodical loner, speaking German, roughly 6,000 miles away, with a desire for military secrets and almost certainly smoking Benson and Hedges. But why? where? and above all, who? These questions cataputed Stoil into the shadowy world of the CIA, the FBI, and a host of

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nkers are different sorts of managers they like to this reas the Royal an and showed lines in financing a least Scottish and Mere eries in 1988, it is sure that it retained and percentage of the source that it retained to the source of the

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But the US spooks and the security agencies would not have unravelled the mystery on their own. After giving evidence for two and a half days at the trial in Celle, near Hanover, last week, Stoll said: "The people who helped me track him down would spend a day or an afternoon on it and then give up. But Hess and I were well matched in persistence, yes, and also in skill. He is probably a better programmer than I am. The reason it took a year was that the KGB was as allow to give him feedback as the federal agencies

were to give me support."

As well as persistence, Stoll has a compulsive energy which seems to keep his mind and body in perpetual motion, like the yo-yo he often plays with. He perches cross-legged on an office chair, bounds up to draw a flow chart, or idly powers up a portable computer. While expounding his

Its importance is to show that the movie War Games was, for all its Hollywood hype, uncannily close to the truth: a high school kid undoubtedly could break into one of the Pentagon's defence computers. For Stoll, sleeping in a tangle of wires under a laboratory bench at Berkeley one weekend, was awakened by his bleeper to

watch it happening.

Maybe a savvy sophomore could not actually start World War Three from his bedroom, as War Games suggested; yet Markus Hess, crouched over his Apple Mackintosh in a Hanover flat, used Berkeley as a staging post to infiltrate the Air Force Systems Command Space Division's computer in Los Angeles. In less time than it takes to read this paragraph, he had promoted himself from hacker to Colonel and persuaded the machine that as "Colonel". nel Abrens," he should be given full command of its operating system, with the right to copy and change passwords, to alter any programme, or indeed to wipe out the whole of Space Division's data if he wished. Were it not for that 75 cent error — and his persistence — Stoll thinks. "Col Abrens" might even now be a ghostly supervisor of the Air Force computer, with

However, it was the delightful Martha, a flatmate more long-suffering even than Dr Watson, who set the decisive trap. Her idea, conceived first as a joke while she was scaping Cliff's back in the shower. turned into a grim last laugh against Hess and his KGB paymasters.

Martha, now Mrs Stoll, suggested that they should copy the computer files of old Department of Energy directives, change the headings to make them look like part This is the West German hacker who

through my system, reading whatever he wished."

Having gained access first as a mere "guest," with limited privileges. Hess had exploited a bug in one of the Berkeley programmes to become a "super user" with complete mastery over the system. The hundreds of ordinary users are given strictly limited opportunities to snoop on the activities of their coileagues. But a super user or manager must be all-seeing, because he or she is the one who has to fix any problems.

ss, like everyone else, knew that the Berkeley scientists' text processing pro-gramme (with the unlovely name of Gnu-Emacs) could send chunks of computer code from one file to another. But only Hess knew that the Gnu-Emacs programme didn't check where the code was being sent. So while he was logged on as Guest, Hess wrote a clever little programme instructing the machine to giving him super user status. He was able to transfer this by Gnu-Emacs to the computer's operating system, roughly the equivalent of an implant in its central nervous system. The computer blindly executed the instruction, and voila! Hess was

made its God.

He used this omniscience to discover that Joe Sventek was on leave and promptly hijacked his computer account. He also created a new account for himself under the assumed name of Hunter (the under the assumed name of Hunter (the password, jaeger, gave Stoll a first clue to his German origin). He also slipped in a "Trojan Horse" programme which would silently monitor the names and passwords of every user as he or she logged on after the weekend. By prowling around the files Hess uncovered the telephone numbers of many other large computers which the many other large computers which the Berkeley machine routinely called, and even passwords to other systems which scientists had carelessly left in their mes-

With this secure base, as a phantom super user of Berkeley, Hess was ready to make a determined attack on his real prey, US military systems. Alas for him, Stoll had set up an invisible monitor; every-thing Hess typed was recorded on hun-dreds of pages of print-out. These and Stoll's log-book are the critical evidence at Hess's trial, which is still in progress. In the absence of such records, Hess might still have been identified and stopped, but criminal charges would have been almost

impossible to sustain.
Although Stoll was now collecting a detailed record of attempts to infiltrate the military establishment he was scarcely any closer to solving the riddle of where

■ Continued on Page XIX

Markus Hess took supreme command of a US Air Force computer. Max Wilkinson unravels a web of intrigue, bluff and painstaking detection KGB Agent asio Balogh in Pittsburgh MILNET
Military computer network Lawrence McLean Berkeley Laboratory

Password to the Pentagon

of the the latest US Strategic Defense Initiative missile defence project ("Star Wars"), and use them to hook the hacker. She rightly guessed that the jargon was so impenetrable that the KGB wouldn't know the difference. Then she baited the trap with a standard letter in the computer files inviting academics to write to Bar-bara Sherwin (fictional secretary to the non-existent "SDINET" project) for more detailed information. Hess backed into these dummy files and passed the information on to the Soviets, who swallowed the hook. They asked a Bulgarian agent in Pittsburg – one Laslo Balogh – to send his name and address to "Barbara Sherwin" (really an astronomer living three doors from Stoll) with a request for the

apers. At last, after long prevarication, the "Lentity" (socok-speak for the FBI) was big. Meanwhile, Hess made his fatal mis-take. He became so fascinated by Martha's and Star Wars data and a few puzzles that Stoil left lying around for him, that he stayed on the telephone line long enough for the authorities to trace his call back through a network of computers to that lonely apartment in Hanover.

One of the most interesting revelations is the ease with which Hess and a group of other West German backers penetrated a

network of perhaps 100,000 advanced systems. They used ordinary personal computers connected by phone lines to their first target installation - in Hess's case at the university of Bremen. From this "first base" he could use the specialised telecommunications networks —
Datex in Germany and Telenet in the US
— which link up most big computers in
the Western world. Once Hess had made his connection into the US, he had little difficulty in plugging into the Milnet, which links military computers throughout the states – and he even found a way to make a defence contractor pay for his

Once the hacker has obtained the tele-phone number for a target computer, per-haps from a contact or an academic directory, all he has to do is to plug into the telephone socket and tap out the number. I tried this the day before yesterday, dialling the same number (415-430 2903) which Hess used to break into Berkeley. Within a few seconds the system replied:

"Please log in:" Hess got straight through by typing Guest, an account name reserved for visiting academics, with an obvious password: Guest, again. Not surobvious password: Crees, again, not sur-prisingly, this doesn't work any more. However, my second try, Visitor, was accepted as a valid user's name. After-three bad guesses at the password, I was (fortunately, perhaps) hosted off the line. Hess was more persistent. He tried hun-dreds of computer installations, repeatedly testing Username/Password combinations like System/Manager, Field/Service and Visitor/Guest until he struck lucky. One of his more astonishing successes was to get straight into the Optimis Army Database in the Pentagon with Username: Anonymous and Password: Guest. He promptly called up and copied 29 documents on nuclear warfare, including titles such as "Army Nuclear, Chemical and Biological

and alerted the CIA.

When Stoll first got onto Hess's tail, the hacker had been at it for at least six months, connecting via Bremen to an impressive network of computers in the US. On his second day in his new job at Berkeley, Stoll was asked to fix what was thought to be a minor error in the accounts programme. He discovered that someone called "Hunter" had used 75 cents worth of computer time which had not been paid for.

Nobody had heard of Hunter.
Soon afterwards Joe Sventek logged on,
creating another discrepancy in the
accounts. Everybody knew Joe — a bone fide Berkeley computer expert — but he was away in Cambridge, England. Stoll suspected a hacker had stolen

So he spent the next Friday night lugging 50 terminals and printers from scientists' desks and plugging each into one of 50 incoming telecommunications lines. He settled down to sleep in a menagerie of chattering machines, waking up occasionally to feed them more paper.

The next morning he says: "Bleary-eyed, I dragged each printer back to its rightful owner. The first 49 showed nothing interesting. From the 50th trailed 80 ft of printout. For three hours a hacker had strolled

se Plan." No-one noticed except Stoll,

who monitored the traffic from California

The Long View

Making sense of the index game

STOCK MARKET indices were designed as mood indicators and as measurement yardsticks. But is there a risk that, instead of just describing movements, they will actually become the market?

These are tricky times for index funds, those computer-driven vehicles which seek to take a short cut to superior investment performance on the basis that most conventional, or active, fund managers fall to achieve their basic objective of beating the market averages. True, the Morgan Grenfell UK Index Tracker unit trust came 11th in performance out of 98 general UK funds in 1989. But spare a sympathetic thought for investors in the James Capel Japan Index unit trust, which trailed in 57th out of 66 specialist Japanese funds.

index funds are possibly nearing their peak of popularity on both sides of the Atlantic. US pension funds have now devoted some \$170bn to index tracking portfolios, mostly matched to the Standard & Poor's 500 index. This represents nearly a lifth of their domestic equity holdings.

In Britain the data is confusing, but the latest survey from the National Association of Pension Funds shows a jump in a year from 7 to 13 per cent in the proportion of schemes which use index or "core" strategies. The trend is particularly evident in overseas equity portfolios, where there has been a sharp increase in indexing by both UK and US pension funds. The Japanese are active,

In fact, index funds have become almost conventional. which is a remarkable change inside only a few years. Britain's oldest index fund is thought to be the Motor Agents' Association National Motor Industry Pension Plan "B," which was set up in 1977 on the advice of Dryden Gill-ing-Smith, a consultant and one-time regular FT contribu-tor. He had the idea that a fund matched to the Government Actuary's formula at the time for buying back rights in the State Earnings-Related Pension Scheme (two-thirds the FT-Actuaries All-Share index plus one-third long-dated gilts) would secure the employers' liabilities. But no investment manager could be found to operate such a strategy.

In the end, the fund was structured by John Chiene, a well known stockbroker, and Lloyds Bank agreed to administer the formula. Interestingly, in the 10 years from 1979-88 performance was better than for 80 per cent of other UK pension funds, although Plan "B" held no overseas equities and included a relatively high

proportion of gilts. But risk reduction, rather than good performance, was the original objective. Since then, the increasing sophistication of performance measurement techniques has highlighted the great difficulty experienced by most fund managers in beating broad indices



The rapid growth of index tracking portfolios increases the risk that the stock market prices of index constituents will be driven too high

like the S&P or the All-Share. Over the years, the invest-ment professionals have often proved especially bad at making international portfolios perform well. In 1988, for instance, a year in which the FT-Actuaries World ex-UK index returned 30.6 per cent, the median overseas equity

return for UK pension funds was only 21 per cent. Remem-ber that, in the field of professional fund management, it is not the absolute gains but the relative performance that mat-

But 1989 turned out to be a

different ball game. Even in the UK, active managers seem

to have done well last year, perhaps because they had more the big company stocks which performed so well. Preliminary figures gathered by the WM Company, the mea-surement specialist, suggest that active managers almost matched the 36.1 per cent return on the All-Share, while index managers may have trailed behind by 0.25 per cent. Japan proved to be an indexer's graveyard, though. Assuming they tracked the index successfully, index funds will have returned 3.5 per cent in dollar terms. But active managers appear to have achieved more like 9.5 per cent, leaving the funds some 6 percentage points adrift.

The problem in Japan is that the stock market is not truly efficient, which makes it possible for managers of active funds to out perform, at least from time to time. Index managers are on safer ground in efficient markets like those of the US and the UK, but only so long as they are modest in size. Once they get big, they will start driving the market in

new directions. There is evidence, for instance, that the increasing

funds is driving up the relative value of the 500 stocks. Over past decades, small capitalisation stocks have consistently out-performed in the US but since 1983 they have, mysteriously, started to lag. The same effect became evident in the

UK last year. There may be other explana-tions, but the increasing use of national index funds by international investors to switch instantly into cash or from one country to another means that two-tier markets are liable to develop, consisting of the big stocks which are in the major indices and the small stocks

which are not.
Active managers are not complaining. One of the newer games in London is to trade the stocks which move in and out of the Footsie 100-Share index each quarter on the basis of a simple and predictable capitalisation formula.

The idea is that each new constituent must be bought by index fund managers, without regard to the price, and vice-versa the index rejects, although the game is not as profitable as it might be because comparatively few funds actually track the Foot-

Left to themselves, index managers would create crazy values. They are not interested in how high the index is, only in how closely they track it. It is up to other investors to set prices, and they ought to make a profit doing it.

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Perspectives: The Active Citizen Arts: Peter Hail on opera

XVIII XII XXII XXIII XXIII BI-VI How To Spe Matering Property Sport New York TV and Red XXII Finance & Family

A beginner's guide to BES

The Business Expansion Scheme (BES) is one of the few remaining tax shelters for investors these days. And, as Heather Farmbrough reports, the change to independent taxation on April 6 this year could bring even higher benefits for married couples. Page III

How to cope with mortgage misery

With interest rates remaining high many homeowners are feeling the pinch when it comes to meeting their mortgage repayments. David Barchard looks at the potential penalties for those who fall behind. Page V

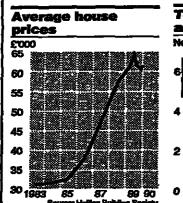
Not what the doctor ordered

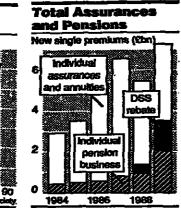
The Government's scheme for giving older people tax relief on private health insurance premiums comes into effect on April 6. But, as Sara Webb discovers, there may be losers as well as winners under the scheme. Page VI

Minding Your Own Business

Roy Hodson swops stories with a writer who found her Income soaring after she turned freelance, and meets a bio-technologist who brews a profitable potion. Plus Paul Tapscott gives tips on making your money earn its keep.

■ BRIEFCASE: Business loan for son: Page VI





House prices fall for sixth successive month

House prices fell by 0.6 per cent in January, the sixth month in a row that they have shown a decline, according to the latest figures from the Halifax Building Society. Despite the fall, the annual rate of house price inflation increased slightly, from 2.8 per cent in December to 3.0 per cent in January. House prices in the south of England continued to fall while the rest of the country saw only very small price increases. Halifax expects house prices to remain weak during 1990 but adds that as property becomes more affordable, activity in the housing market should pick up and lead to a recovery next year. Sara Webb

Personal pensions on the rise

Life companies sold nearly 4.25m million personal pension contracts last year, and more than 3m of these were used to contract out of State Earnings Related Pension Scheme. The companies received £1.04bn in new annual premiums from investors, an increase of 17 per cent on the previous year, and doubled their income from single premium licies to £2.01bn. A further £1.49bn came from the Department of Social Security. This offset a fall of almost 20 per cent in annual premiums from the traditional with-profits business, which was accounted for by the decline in endowment mortgage business.

Linked bond sales amounted to £2.83bn compared with £2.88bn in 1988, and well below the levels reached in 1986 and 1987. However, guaranteed income bond sales soared from £284m to £888m as investors took advantage of the

Amendment call by Prudential

Prudential Holborn is seeking approval from unit holders to amend its trust deeds at a meeting next Wednesday. The changes are intended to meet the requirements of the Securities and Investments Board (SIB) and give its unit trust managers more flexibility in investing, for example allowing them to gear, use futures and options, and invest In new markets such as the French OTC market.
Alan Wren, chief executive of Prudential Holborn, adds that an amendment of the trust deeds will not be used as an excuse to raise charges. Prudential already has the power to set a front-end charge of 7 per cent and an annual management charge of 2 per cent, but currently charges 6 per cent and 1.5 per cent respectively. S W

SE compensation plan

high interest rates. Eric Short

The Stock Exchange is on the verge of proposing a new months ago, when the Financial Services Act's compensation scheme came into force. The insured fund would provide cover of a minimum of £250,000 for each claim — far in excess of the £48,000 maximum pay-out from the FSA scheme. Letters are expected to be sent out next week asking the 400 stockbroking firms in the UK country whether they wish to join the scheme, Around half are expected to apply. Details: Page V Section One. Richard

Win yourself a 'supercat'

Employees who contract out of the State Earnings Related Pension Scheme (SERPS) with a personal pension contraction Black Horse Financial Services could win a restored red E-Type Jaguar Roadster. The competition is open until June to any investor who takes out a pension contract (including the rebate only personal pension) from Black Horse Financial Services, the life assurance subsidiary of

LONDON

Footsie falls foul of empires eclipsed

MARKET-WATCHERS and moon-watchers are divided as to the significance of lunar eclipses. Once,blood-red moons were associated with all manner of doom, apparently signifying the downfall of empires and emperors. More recently, blood-red trading screens have fulfilled a similar prophetic function. Yesterday, a few lucky individuals were in a position – looking east from the windows of City dealing rooms — to observe both forms of lunacy.

Prophecies based on move-ments of the moon and the markets have something else in common they tend to be open to any interpretation. Certainly this week has seen its share of teetering empires, small and large.

Godfrey Bradman is among those who would dispute that Rosehaugh, the property development company, is on the brink of downfall, although there were many who felt the

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WITH THE Dow Jones

Industrial Average more than a hundred points above its late-January low point, it was

hardly surprising that equity prices ran into resistance each

time the Dow rose above 2650

The market's short-term trend remains favourable

despite this hesitation; or

rather because of it. At this

in the large numbers of unde

cided investors who have

spent most of January hesitat-ing. Sentiment could shift as

ris as it did last month to

of catastrophic proportions,

but it may be premature to

The speculaturs are still cau-

were indicating levels of pessi-

Long-term investors are equally hesitant and selective.

They seem to be less interested

in market psychology, chart

analysis or even takeovers

look for profits, interest rates

Thus, the recovery of the

attered and undervalued

past two weeks has been led

issues such as computer

stocks, particularly IBM, alter-

nating with energy stocks and other inflation hedges. The

over-priced consumer growth

companies, entertainment stocks and takeover candi-

dates which had accounted for

most of last year's gains have generally been left behind.

tion Index, with its heavy representation of airline issues, is

still 30 per cent below its peak of last October, while the Dow

Industrials are within 6 per cent of their record high. The

same is true of entertainment

companies like Disney and

Paramount, which have fallen by 21 and 33 per cent respec-tively from last year's highs.

Thus the Dow Transporta-

math of the 1987 crash.

and economic growth.

sily to unwarranted eupho

ma Grp.

Union Disco

£125m deeply-discounted rights issue he announced on Monday looked like a distress call.

As an empire, Rosehaugh is impressive, even if the modest and philanthropic Bradman has few of the usual traits of

In the last 18 months, property stocks have dipped towards their lowest point against the FT-Actuaries Allhare Index since 1970. Rosehaugh has not been immune but against the property index its shares are still roughly four times higher than in 1985. The group's developments include the Broadgate office complex in the City of London and the plans for the King's Cross area, as well as less grandiose resi-dential housing schemes.

Monday's announcement was bound to attract attention. if only because Bradman has built up a fine reputation within the property sector, where he has been billed, incidentally, as Margaret

HIGHLIGHTS OF THE WEEK

2463.7

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585

1216

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328

725

241

709

227

409

611

285

509

Thatcher's favourite property

The man himself played the statement down as part of a longer-term strategy. The rights issue, he stressed, was not an attempt to make up for a lack of cash across the breadth of the group, which carries out much of its work through a wide network of associate companies and joint ventures. There was no cash flow problem, he said. However, given that this is a cash call which will double the number of Rosehaugh shares in circulation it was hardly surprising that the stock ended the week 29 per cent lower at 330p, against a rights price of 200p a share.

Indeed, for those prophesying the imminent collapse of the Babel of construction and property companies this was a pretty good week. The Rose-haugh announcement coincided with news that JM Jones, one of the UK's largest private

1782,8 World bond markets weak.

420 6.5% increase in profits.

291 b Downturn in car manuf, worries.

Feers of strike threat.

Bid hopes tade.

Sale of holding in Sicil.

Surprise \$125m rights issue.

KIO reduces stake to 2.34%

470 Excellent preliminary figures.

201 County and Flemings recomms.

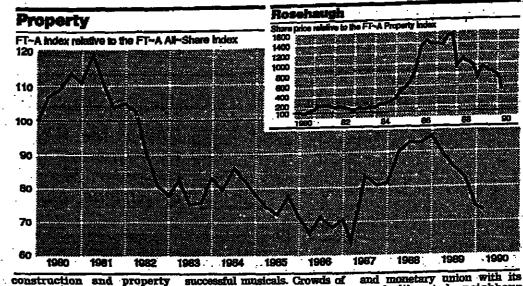
Storm claims fears/rights issue hints.

Schneider increases stake to 7.68%.

197 Belica increases stake to 14%.

865 American buying.

38 Press comment/interime Thursday.



construction and property development companies, had called in the receivers, weighed down by debts estimated at ome £50m. A day later another property

group, Regalian, revealed a plan to overcome the slack pian to overcome the slack house-buying market by selling £180m of homes — its whole London residential portfolio — at half-price, with the balance paid over five years. That coincided with the delayed market reaction to

Monday's news as commentators reached a gloomy consensus about the Rosehaugh issue. Footsie slipped 27.3 points on the day — compared with a drop of just under 7 points on Monday — although trading volume, as throughout the

week, was very thin.
Having said that, Monday
also had more optimistic signs
for the property market with a hostile £441m cash offer for Laing Properties, from Penin-sular and Oriental Steam Navigation Company – which tends to steer clear of hostile bids – and Chelsfield, a private property company. Laing's shares ended the week up nearly £1 at 661p, against an

offer of 650p.

Among the smaller empire builders, Andrew Lloyd Web-ber has finally decided to end his short City career by mak-ing an offer for the outstanding shares in Really Useful Group, the quoted company which owns the copyrights to many of his most recent and most

angry small shareholders are not exactly thronging West End squares to protest at the bid, which emerged on bid, which emerged on Wednesday once Lloyd Webber had gained control of more than 50 per cent of the group. Yesterday came news - hardly unexpected in the current retail climate - of the decline of the House of Mirman. Sock Shop, the niche business founded by Sophie Mirman and her husband Richard Ross, announced a £4m plunge into the red for the half-year to the end of August 1989. Even stripping out dis-continued US activities, there was a loss of £2.88m before tax. Directors confirmed they were negotiating a possible refinanc-ing of the business, which was a huge success with small

investors when it came to the Unlisted Securities Market in

1987. The shares slipped 6p to 48p, against the 125p flotation

There still seems to be some confusion about whether empires are being built or broken in eastern Europe. On several days this week the UK equity market, starved of much domestic economic data, has looked to the stalls of the arcane West German bond market for nourishing information and come away with bags full of inflationary news.

German bonds were weakened by West Germany's pledge on Tuesday that it would look for full economic

and monetary union with its newly-liberated neighbour before the end of 1992. To some observers the economic dom-ino effects of raising the fron Curtain could be the raising of West German inflation, and, perhaps of interest rates. That need not have an

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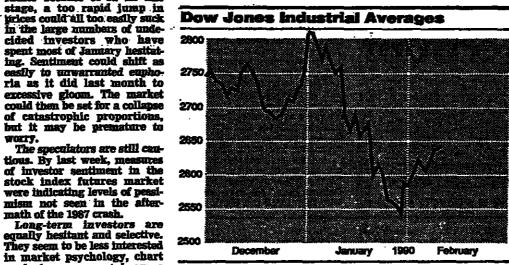
impact around the world, and indeed sterling has seemed surprisingly strong against the D-Mark, with the pound almost unchanged on the week at DM2.8339. Added to which, UK monetary policy seems to be having some effect, with the news on Monday that con-sumer credit fellfor the first time in December.

However, equities slipped on Tuesday and on Wednesday. Footsie breached the 2,300 mark for a moment, before bouncing back to rise nearly 24 points the following day, fuelled by confidence on Wall Street and in the UK about the progress of US Treasury auctions. Yesterday, Footsie ended at 2313.6, down 17.4 points on the day, and 41.5 on the week. Dangerous as it is to think in terms of barriers, 2,300 - give or take 50 points or so - is beginning to look like the trading range for Footsie in the first half of this year, even among those bullish commentators hoping for as much as 2,700 by the end of 1990. True lunatics may prefer to read

Andrew Hill

most US companies. According to IRES, year-on-year carnings comparisons are expected to show declines in the first quar-

### WALL STREET Still built on shaky ground



And even the greatest consumer blue chip of all, Coca-Cola, is struggling to get its stock back up to \$70, 15 per cent below the 1989 peak of

focus, Wall Street today appears a saner, and therefore presumably a safer, place than it was on the three previous occasions when the market averages last traded at around their present levels: from August to September 1987; from July to October 1989; and then again from last December until early January this year. But while the market's relative perceptions of individual equity values seem to be moving in the right direction, the bigger question remains unan-swered. Will the performance of the US and world economies justify the average valuation

of the market as a whole?
According to the Institu-

tional Brokers Estimates System the current level of the Standard & Poors 500 index implies that the average company on Wall Street is priced at 11.5 or 18.1 times its expecat 11.3 or 13.1 times its expec-ted 1990 profits, depending on whether you believe the peren-nially optimistic analysts who follow individual companies or the more sceptical strategists who look at the market as a

While this range of price earnings ratios does not suggest a market that is over-valued by historic standards, it indicates significant vulner-ability if earnings should dis-appoint the analysts this year. According to the IRES the current earnings forecasts, and therefore presumably stock market prices, reflect a general assumption that the first three months of 1990 will prove to be the last quarter of profits disappointments for

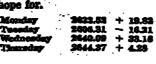
ter, stabilise in the second quarter and then begin a steady advance from the third quarter onwards. One reason for expecting such an outcome, as IBES

points out, is that the previous declines in US corporate earnings have usually begun to be

Unfortunately, there are at deast two reasons why that experience might not be repeated in the current cycle. Despite the walls on Wall Street lately, the fall in earnings reported for 1989 has been marginal at most. With some of the results not yet in, the IBES consensus prediction still shows a marginal 3 per cent advance in 1969 relative More important, any earn-

ings improvement in the sec-ond half of this year will clearly depend on a re-acceler-ation of the economy, which is also widely expected on Wall Street, though it might not

If the economy begins to accelerate again from the mid-dle of the year, the Federal Reserve Board's implausible bluffs about getting inflation down to zero will certainly be called. It remains to be seen how Washington resolves the conflict between the Fed's anti-inflationary promises and the Bush Administration's increasingly strident pro-growth rhetoric. Ultimately the issue may be settled not in Washington but in the capital markets of Europe and Japan. Whichever way the recession-inflation trade-off is resolved, a smooth and trouble-free return to profitable corporate prosperity may be too much to



Anatole Kaletsky

### The a,b,c,d,e of success

JUNIOR MARKETS

other runes.

ABILITY, breaks and courage rising rising from the engineer business but in the wintry markets of 1990 determination and experience are other essen-tial criteria.

This is one message that can be gleaned from the shortlist of potential USM entrepreneurs of the year - an annual award bestowed by the USM magazine and Coopers and Lybrand Deloitte. None of the candidates have simply ridden the wave of the small business boom of the 1990s; several have experience of running much larger businesses. One such is Kevin Lomax,

who started his career as managing director of a Hanson Trust subsidiary. After several other jobs, including a stint at Caparo and STC Components, he set up Misys in 1979 to sup ply computer systems for insurance intermediaries. Since joining the market in 1987 it has snapped up a clutch of other computer houses including a fellow USM com-pany, Zygal Dynamics.

Having worked in large companies, Lomax believes he has had an advantage over "the guy who started in a garage."
For one thing, he recognised the difficulties of juggling the demands of day-to-day management and the City. "There is a walk-on-water syndrome where manufactures is not bridged." people think if you can build a wonderful business you can do everything," he argues.

Another entrepreneur with big business experience is Tony Craven Walker, the head of Monument Oil and Gas. He built Charter Petroleum into a substantial company before it was taken over by Petrofina in

After waiting until oil assets had become considerably cheaper he reentered the fray in 1988, when prices had dropped considerably. With the help of some powerful backers he has revamped Monument by injecting some substantial oil and gas interests into the company. Likewise, it is second time

round for Bob Francis of the RKF Group. He left school at 16 and worked as a carpenter before founding R K Francis, a joinery subcontractor in 1959, when he was only 20. When this company, which went public in 1971, was acquired by Tarmac for £17m in 1984, Bob Francis and his colleagues bought out some parts of the business. These

businesses, together with some land development groups, were then floated as RKF Group in 1987. Since then, it has become something of a mini-conglomerate after branching out in new directions, including magazine printing and theme parks.

trated by Paul Thompson of Sanderson Electronics, which he has described as "a phoenix

The roots of the company go

back to Paul Thompson's involvement in the Pick computer system when he was working in finance and administration at a US subsidiary of Aurora, one of Sheffield's steel giants.

On his return to the UK in 1983 he joined Bramah Engineering, a private engineering company, where he started Sanderson Electronics as a subsidiary to exploit Pick applications. In 1987, the directors bought

out the business, with the help of 3i. Six months later Sanderson Electronics floated on the USM, where it has continued to grow at a cracking pace. Tom Harrison of Norfolk House Group also founded his business in 1983. The foundations of this company, which develops and manages roadside service stations, were laid in his early career which was spent finding petrol station sites for Burmah Oil.

In the 1970s he formed an estate agency partnership spe-cialising in road related properties, after which he managed a property development and trading joint venture with Kwik-Fit Holdings. After Bob Francis, David

Parker of Sherwood can trace the history of his business back the furthest. Back in 1968, he left Courtaulds to buy a small lingerle manufacturer that employed 11

people. After starting off slowly and enduring a tough time in the early 1980s, the company thrived and was launched the company on the USM in April 1986.

Since then, it says it has expanded from employing 500 people in four factories in 1986 to being the largest lace manufacturer in Europe, employing 2800 people.

Given the rapid growth of these businesses, it is perhaps not surprising that several of them are being elevated to the main market.

However, the general verdict on the USM is a highly favourable one.

Kevin Lomaz, for example, values the attention paid to Misys by USM analysts, although it now wants to be on the main market to attract a

Norfolk House also feels that it is now large enough to move up to the main market But Tom Harrison is generous in his praise for the USM.

### Rosehaugh wakes property sector from its slumber

THE property share market has been a cheerless place of late. Boring even. Trading has been slack and investors seemed to have turned their back on the sector.

But suddenly this week the tedium lifted. Rosehaugh, one of the highest-profile development companies, with a string of projects in London and across Britain, arrived out of the blue with a rights issue. Then, less of a surprise, a long-expected bid for Laing Properties came from Chelsfield, a private company which had been building a stake, and

There was more enthusiasm for the takeover bid, worth £441m, than the rights issue, one-for-one to raise £125m at a sharply discounted 200p a share. But that is consistent with the market's recent issue caught the market off

Arguably, property shares never fully recovered from the 1987 equity market crash. In its short/medium term finan-

terms of the indices, 1968 was a good year when property shares out-performed the rest of the equity market, but even then investors were chary of becoming involved again with the development and trading companies. They preferred the solid, asset-rich investment companies which have a regualr stream of rental income. They are classic defen-

sive stocks. Last year, property shares sagged as the market watched interest rates going up and returns from property coming down. The sector under-performed the rest of the market. The discount of the market price to the net asset value of the comanies stretched to 40 per cent. Now, with property returns sagging beneath the cost of money, investors have been staying away in droves. This is why the Rosehaugh

cial position looks to be the most surprising of the options available," commented County NatWest WoodMac, believing it should have found an equity partner. "How the mighty have

fallen!" said Smith New Court. Rosehaugh's price move-ments have reflected both the market's worries about with a possible surplus of office prop-erty in London and its sniffs of excitement about possible bids. Olympia & York, the Canadian group developing Canary Wharf, was once tipped as a possible bidder. More recently JMB Realty of Chicago, which has accumulated a 4.9 per cent stake, has become the favourite potential predator.

But none of this has but the Rosehaugh share price up anywhere near its £11.75 high of 1987 and before the rights issue it was near its 1989-90 low. So here was a stock which was out of favour seeking capital from a market viewing the property sector with disdain.

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The raising of capital by property companies has been on a small scale since 1987. The market has generally been unfriendly to rights issues and there have been other sources of finance readily available. Last year, in fact, only £135.4m was raised through

panies, compared with £447.6m in 1988 and £1.1bn in 1987. Indeed, the Rosehaugh plan is the biggest since a Slough Estates issue of convertible honds to raise £150m in April

The prospect of it has not done the Rosehaugh share price much good and it has been dioping during the week, making the company, it is freely speculated, more vulner-able to takeover. The market has been expect-

ing more corporate activity as strong companies with a healthy cash position take over weaker brethren stretched by high interest rates and uncertain about their future in the face of slowing demand for space. Analysis have believed that only an outburst of such activity would lead to an meurge of share trading.

Little of this has happened so far. The Chelsfield-P&O bid for Laing is not the rescue of a faltering development company but an attempt to win control of a series of largely overseas interests. Chelsfield, indeed, had built

up a bidding launch pad of nearly 15 per cent of Laing's equity before the offer this Another fundamental change of direction has been orches-Paul Cheeseright

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larger range of institutions and to help make acquisitions in the US.

"It helped us to expand, it helped us attract quality management and it gave us credibility among its customers," he says. "The USM has done a first class job for

Vanessa Houlder

### FINANCE & THE FAMILY

Shares in new companies have special benefits for married couples

### A beginner's guide to BES

ONE OF the few remaining tax shelters left for investors these days is a Business Expansion Scheme (BES). And after April 6 - provided the Chancellor does not change the rules the schemes could become even more attractive to married couples, with spouses allowed to claim relief on investments of up to £40,000 each rather than £40,000 in

BES is a highly tax efficient form of investment in companies which many people simply would not touch under normal circumstances - although, to be fair, some shares in BES companies have performed extremely well.

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Andrew Ille

Originally, the BES was intended as a way of raising equity for start-up businesses which might otherwise have found it impossible to raise money, while encouraging share ownership among the public.

Since the BES was introduced in the March 1963 bud-get as an updated version of the BSS (Business Start-Up Scheme), the amount of money coaxed from investors has shot up, reaching 2355m last year. Following the March 1986 budget, the nature of the scheme altered dramatically. A maximum of \$500,000 an issue was placed on all schemes with the exception of shipping and timber companies. Also exempt are companies which raise up to £5m a year to invest in residential properties that are going to be let as assured tenancies. As a result, less than £5m was invested in all the

more entrepreneurial non-assured tenancy issues last year. Individuals can invest up to £40,000 in BES schemes or funds in each tax year, and if they hold onto their shares for five years or more, they can sell them free of capital gains

It is also possible to claim income tax relief against taxable income at the top rate of taxation on up to £40,000 a year of BES investment during the year in which the shares are

The relief is given in the financial year of purchase as well – hence the rush to invest every year by April 6. However, it is also possible to carry back 25,000 worth of investment to the previous tax year if this is invested before October.

At the moment, husbands II you have decided that you not wives can only claim joint are interested in BES, how do and wives can only claim joint relief on investments of up to £40,000. However, in the next tax year (1990/91) husbands and wives will be able to claim relief on 240,000 each.

The attractions of BES tax relief are increased by the gearing effect of the tax break. Suppose, for example, you decided five years ago to invest £40,000 in BES shares and your highest rate of income tax at the time was 40 per cent. The way it works is that you

put up the £40,000 and then at the end of the financial year you apply for your relief by presenting your HES 3 Certificate from the company to the Inland Revenue. Because of the

In the second in our series on the main areas for pre-Budget action, Heather Farmbrough looks at BES: what it is and how to invest

tax relief on the first year's investment, you would have invested only £24,000 (in other words, 60 per cent of £40,000). So if your shares doubled in value, you would have made £56,000 (£80,000 - £24,000 = £56,000).

If these were UK shares you could be liable to capital gains tax of up to 40 per cent on shareholder of five years, you would be exempt.

Does that sound too good to

be true? Unfortunately with RES it often is.

There is no guarantee that the shares will go up, and as BES ventures are often startups and quite risky, the shares may well go down. If you do not hold your shares for five years, you lose your right to

If the company goes into receivership, you not only lose money on the shares, but you lose your tax relief too. If the company goes into liquidation. however, you keep your tax you buy the shares? There are two main routes into

BES companies. The first is through a prospectus issue, similar to a stock market flotation, where the shares are issued for sale direct to the public, usually through a spon-

The other route is via a BES fund which invests in a range of companies. This reduces risk, but also means the investor has less choice over the nitimate investment. BES funds became more popular last year, partly because they are a logical way to invest in a variety of assured tenancy properties. The early track



record of many of the funds leaves something to be desired, but their performance seems to have improved.

Always check that the sponsor or promoter is registered with a regulatory body such as FIMBRA, and that the issue costs are not prohibitively high. The usual range for costs is between seven and ten per cent, depending on how much of the issue is subscribed. The names of sponsors and issues are published in the newspa-

If you need a prospectus,

contact the sponsor, or your financial adviser. Alternatively the Allenbridge Group (tel. 01-409-1111), which publishes the BES Investment Research Newsletter, will provide pro-spectuses for private investors. Check how much the management is taking out of an issue and look for companies where the management has an interest in shares or options a good incentive to perform make sure they are not

the small print. Is it worth investing in BES companies?

The tax break does make the scheme a worthwhile option for higher rate income tax payers. This year, though, there are signs that total investment will be down to around £175m. according to Steven Rowe of BES Monitoring. Last year (1988/89) was an exceptional year as it was the last chance to get 60 per cent tax relief in the clawback period and sured tenancies were a nov-

If you decide to invest, you must also decide whether to opt for assured tenancies or the more entrepreneurial schemes. Assured tenancies are safer (but duller) and may prove less attractive this year if people are bearish on house

Does it matter to a BES investor if house prices fall further this year? BES companies have only 18 months to invest the money they raise in order to qualify for tax relief. Most people expect the tide to turn sometime in the next eighteen months, but the danger is that if you invest now, you could be investing in property well before the market bottoms out. Over the long-term property

prices do tend to go up with real earnings, and BES inves-tors should be taking at least a five-year view. BES assured tenancies also offer investors income from rents, and many of the properties purchased have considerable potential for development, and hence capital appreciation.

One other matter you will have to consider is how to dispose of your BES investment. The most common problem with shares in BES companies is selling them: after five years, most investors are anxious to realise their gains by selling, but this is difficult as there is no central market.

However, it is becoming easier to find an exit route and as more and more companies reach a five-year trading period, ways are being estab-lished to buy the shareholders out. A small number of compa-nies have been listed on the Stock Exchange, while others have been taken over, or the original outside shareholders have been bought out by the milking the company. Read the

BES NEW ISSUES 7/3 Barclavs Bank £1,000 Assured tenancy Ainways Homes Chancery £1.050 28/2 Assured Close Care Centres Capital Ventures 12/4 £1,100 £5m Assured sheltered housing £2,000 Sun Life Investment Management BESRES Lakeland Assured tenancy £2,000 £500,000 Twelfth Lazard LD.C. 5/4 None Short Sea Europe Cargo transport 12/3 Johnson Fry £1.125 Edinburgh Tankers £1,100 £5m Kerrington Development London property Johnson Fry 24/2 20 x £500,000 £1,000 Inns with 10-20 bedrooms Quality Coaching 2 £1.000 5/3 Johnson Fry 18 x £5m Waterside Collection and Waterside developments special opportunities scheme 10 x £500,000 £1,000 Broadcak Pharmacy Chemist shops

### Innovation takes a back seat

in the Business Expansion Scheme (BES) is that 1989/90 is not going to prove a great year for innovative and fascinating new schemes. Assured tenancy issues dominate, as was the case in the past tax year. Not only is there less choice than at this time last year but it looks possible that a number of issues will fail to raise the minimum subscription. This makes it all the more important to choose carefully. Enough warnings: here is a selection of some issues which

are open. Airways Homes was one of the most successful in the 1989 clawback period and it is returning to the market to look for another £5m. The idea is to invest in, and let, properties near west London's Heathrow airport, mainly to British Airways employees. This is a good, solid offer and the costs are comparatively low but the greatest risk is that there could be a limit to the investment potential in properties right

under the flight path.
Assured Close Care Centres is an assured tenancy company also offering nursing care to tenants. Despite some sickly pictures of doctors taking nurses' blood pressure, it is a fairly healthy issue. Like Airways, the costs are reasonable and the idea is tried and tested. But the company failed to raise all the money it wanted last September, which suggests that a fair few investors felt uneasy about the prospects for the sheltered housing market.

Another familiar name offering sheltered assured tenancies is Roman Property. The costs are fairly modest at 5.8 per cent of the maximum subscription. Previous Roman issues have proved popular: the com-pany is trading already and has developed 17 apartments in Shropshire. It is also offering insurance against almost every possible contingency likely to dismay the BES investor, such as a fall in property prices and legislation by a future Labour

BESRES Lakeland is the latest Sun Life residential prop-erty fund. Unlike its predecessors, however, the investment area is restricted to one geographical location - the Lake District of north-west England. But the Lakeland housing boomlet is already showing signs of running into difficulconcern about over-development. Sun Life has agreed with the local authorities to have a preferential purchasing posi-tion if it lets the properties to locally-employed people for the

first five years.
Among BES funds, Lazards has one of the longest and betthe fund will be invested in one company, although this

ties, partly as a result of local

ter track records. It is now raising money for its 12th Lazard Development Capital (LDC) fund. None of the money will be placed in assured tenancy issues but some will be invested in another LDC issue, Short Sea Europe (see below).

could be another issue adver-

tised publicly. Existing Lazard investors will be charged 5 per cent plus VAT for management, while newcomers will be charged 7 per cent. The tone of the prospectus is "leave all the decisions to us": unfortunately, it is not exciting reading. The problem with funds, as

Lazards has found, is that per-formance can be affected adversely by just one rotten apple - and investors have very little control over where their money goes. Potential investors should also ask why they have to pay Lazards just to invest in one of their own

Short Sea Europe operates ships which are small enough to anchor in the smaller ports and inland wharves around Europe, and which carry a variety of commodities such as grain, china clay or building materials. Short Sea was one of many issues which failed to raise the £5m it was seeking in September.

A slightly different shipping issue is Edinburgh Tankers, which has raised £13.2m under the BES. Its tankers carry oil, so an increase in crude prices could reduce consumption and thus, the demand for tankers. Potential investors in Short Sea and Edinburgh Tankers might feel uneasy about pin-ning their hopes on the recovery of a market which has been in the doldrums for years. Similarly, Kerrington Devel-

ments could find it difficult to convince investors of the merits of investing in property development in the Greater

London area, despite its good track record and previous popularity.

Johnson Fry's Quality Coaching Inns is hoping to raise 20 lots of £500,000. The company will purchase and refurbish hotels and inns with 10-20 bedrooms, which will be managed by Resort Hotels, a listed company.

Only the last two offers are new names. The Waterside Collection and Special Opportunities Scheme offers a choice of five areas investing in assured tenancy properties in waterfront developments, such as Glasgow docks, as well as a national scheme.

If you believe that waterside developments are more lucrative than others - remember, docksides often lack communi cations, shopping centres and trees - then this is one in which to invest.

Broad Oak Pharmacies is offering 10 issues raising \$500,000 each to buy a number of independent chemist shops. The company has a reasonable track record, but how well the BES shares perform will depend on the individual managers of the shops bought. Broad Oak will be managed

by Paydens, an existing chain of chemists with 38 shops, which has indicated that it is willing to make an offer for Broad Oak at the end of the five-year period - so it is one issue, at least, where there should be an exit route for

Heather Farmbrough

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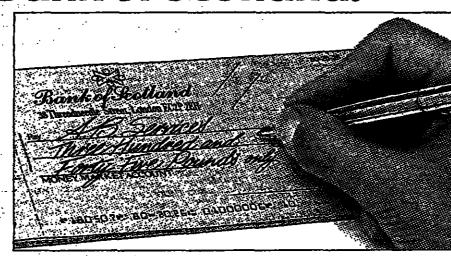
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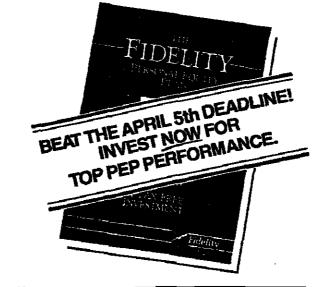
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\*Source: Micropal 11.80 to 1.1.90. Offer to bid, not income reinvested. Over 5 years the Trust ranks No.2 and 5.2,400 invested would have increased to 5.9.175.

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#### FINANCE & THE FAMILY

THE COMPLACENT world of expatriate taxation has been thrown into confusion over the question of whether school fees count as a taxable perk. The Privy Council, the final court of appeal for many of the UK's dependent territories, decided last month that school fees paid by a company under its employee's contract of employ-ment are a "perquisite" derived from his employment and are liable to salaries tax under Hong Kong law. Peter Willoughby, a leading London and Hong Kong-based lawyer who was professor of law at the University of Hong Kong early in the 1980s, this week described the decision as being inconsistent with long-estab-lished legal principles. But why all the fuss? After

all, UK resident "higher-paid employees" (those earning more than £8,500 a year expect to pay tax on all fringe benefits, from private medicine and company cars through to luncheon vouchers. The answer is that, despite superficial similarities, Hong Kong tax prac-tice parted company from UK law many years ago. Way back in 1892, the House

of Lords threw out an attempt by the UK Inland Revenue to tax an employee on the value of free accommodation. The thinking behind this decision was later put rather crisply by a leading High Court judge, who said: "If a person is paid a wage, with some advantage thrown in, you cannot add the advantage to the wage for the purposes of taxation unless that advantage can be turned

into money."
Throughout the 20th century, though, the UK tax authorities became more and more aggressive in trying to neutralise schemes devised to

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**EXPATRIATES** 

blow over fees

circumvent very high rates of taxation. By 1970, the courts had finally accepted that a per-quisite included not only money actually paid to employ-ees but money paid in dis-charge of their debts. This includes school fees.

Such thinking has never taken hold in Hong Kong, where direct taxation is much lower than it has ever been in the UK. Until the Privy Council's latest decision, Hong Kong's fiscal policy and tax practice assumed that money for school fees which was derived from a discretionary trust established by an employer was not part of the employee's income and was not taxable.

Many prominent Hong Kong employers use the discretionary trust method of financing employees' school fee bills; indeed, they describe it, some-what grandly, as a scholarship. This practice has never been challenged by the Hong Kong tax authorities. But the ramifications of the Privy Council's latest ruling extend beyond school fees because, in fringe benefit terms, there is nothing

THE THINKING PERSON'S GUIDE TO RETIREMENT

special about education. As Willoughby points out, members of the Hong Kong establishment all are provided with cars and free parking. The change in the law implied by the Privy Council would mean their being assessed for sala-ries tax on such perks.

In practice, that is unlikely. It is also unlikely that the Privy Council's decision, influential though it might sound, will overturn Hong Kong's tax practice in relation to fringe benefits. It is almost a year since Anthony Au-Yeung, Hong Kong's Commissioner of Inland Revenue, issued a practice note stating: "Payments made by an employer in respect of the education of an employee's child, irrespective of how or to whom the payments are made . . . will be regarded as perquisites chargeable to salaries tax." It remains to be the salaries tax." It remains to be seen if this practice really

Some specialist lawyers Some specialist lawyers argue that not only is the practice note a contradiction of what really happens in Hong Kong but that it also ignores what had been thought to be good case law. Even if school fees do become liable to Hong Kong salaries tax, no one is expecting that the Privy Council's decision is going to be turned into a general rule for all fringe benefits. For the time being, then, the generous (by UK standards) tax treatment of accommodation, first-class accommodation, first-class travel and share options, which form part of many expatriate remuneration packages, appears to be quite safe.

Peter Gartland

■ Peter Gartland is editor of The International, the FT's magazine for expatriales.

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### March pay-out for Dumenil clients

troubled Dumenil group finally learnt the fate of their investments this week when the Securities and Investments Board (SIB) announced that the 11 trusts in the Dumenil stable would be wound up. The trusts, which covered different European markets, ran into trouble after a series of administrative failures led to mis-takes in pricing the units over the past two years. Investors will be paid the bid price of their units as of November 6, 1989, when the funds were suspended. The pay-out is expected at the beginning of

There will also be compensetion for investors whose units have increased in value since the funds were suspended, or who have suffered from pricing errors arising from the chaotic administration system. A com-

pensation fund has been set up Dumenil's parent, the Paris-based Banque Duménil Leblé, and the two trustees, Midland Bank and Coutts. Those who benefited from errors will not be expected to

repay any surplus.

Because of difficulties in reconstructing its records, however, Dumenil might not be able to contact some of its clients in order to compensate them. If you are a former owner of units, it could be worth checking your records. The other problem concerns

taxation. Many investors probably would have chosen to ep their money in the units had the group not run into dif-ficulty. But now that the trusts have been wound up, capital gains tax will be due on the

In other words, investors who want to put their money

tax charge they would not have incurred had they kept their money in a continuing trust However, in an apparent

concession, the Revenue has agreed to treat repayments from Dumenil funds as falling in two separate tax years. Gains made up to November 6 1989, which will be reimbursed in March, will be taxed in the current tax year, while gains made subsequently and compensated for later will fall in the next tax year. Also, once investors transfer their money to a new group, they will have

to pay an initial charge of around 6-7 per cent. Some unit trust groups are offering discounts to former Dumenii clients who invest in similar funds. Royal London Unit Trust Managers, a subsidiary of the Royal London

in other unit trusts will face a Mutual Insurance Society, is offering them a 5 per cent discount to invest in its range of unit funds, including its recently-launched European single market trusts. These offer a choice of German, French, Italian, Spanish, Dutch

Swiss funds for those

bruised but persistent inves-tors who remain interested in

single European markets.
The discount almost wipes out the 5.25 per cent initial charge on the trusts. The offer is open for a three-week period following the repayment to investors and unit-holders will have to provide receipts to prove they were Dumenil cli-

Gartmore is also offering Dumenii investors the opportunity to switch into its range of authorised unit trusts, including the new Euroventures trust with no front-end charge.

Gartmore's offer remains open for a four-week period following the payments.

Dumenil's problems have highlighted the fact that the main weakness with many financial services groups is their administration. Although this applies to companies throughout the spectrum, good back-office management is of particular relevance to unit particular relevance to that trust groups. They need to provide – regularly and promptly – unit prices based on a variety of asset values.

As far as unit trust administration is concerned, the SIB

and the Investment Management Regulatory Organisation have relied heavily on the trustees without imposing regular external checks to see the work actually is being done

**Eric Short** 

TRATES: WHA

Terry Dodsworth examines some paradoxes and anomalies in a new study of the stock market

### High returns without taking undue risks

managers to capture the out-

standing returns from small companies, possibly because many of the best performers are too tiny to fall within the

investment criteria of the unit

IF YOUR interest in stock hoff, however, it has proved market investment is capital notoriously difficult for fund growth, your best approach is to look for companies offering a high dividend yield.

If this sounds like a paradox, here's another: high-income unit trusts, designed to give their customers healthy dividends rather than capital appreciation, usually generate a bigger increase on the money you invest than growth funds set up for this purpose alone.

These points emerge from a new study of stock market returns by Michael Lenhoff, portfolio strategist at Capel-Cure Myers, the London stock-Lenhoff believes there are

some weaknesses in the efficient markets hypothesis (the notion that stock markets represent fully all knowledge of

According to

statistics from the Unit Trust Association, high-income funds have generated a greater total return than growth funds during the past 15 years

corporate activity, and that investors can achieve unusually high returns only by tak-

In line with a great deal of American research, he argues that there are significant anomalies in market behaviour which allow some groups of stocks to deliver exceptionally high returns on a consistent basis without undue risk. One of these groups is small

ing abnormal risks).

companies. According to Len-

Another group is high-yielding equities - companies with shares that, unlike stocks in many small businesses, are available readily to unit trust investors.

Indeed, many of these companies are well-entrenched organisations which have fallen on difficult times (dividend yield increases in inverse proportion to share prices, so high-yielders often are companies which are causing anxiety to investors for one reason or

Perfect market theory would suggest that high-yielding shares of this kind also are riskier than the norm. Not so, says Lenhoff. According to his analysis, they offer equal or superior stability to low-yielding companies. In other words, they represent a market anom-

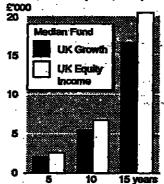
what is more, this is an investors with some consis-growth fundstently encourag-ing returns over a considerable period. This can be demon-strated by unit trust figures. According to statistics from the Unit Trust Association,

high-income funds have generated a greater total return taking into account both capital growth and income on a re-invested basis - than growth funds during the past 15 years.
These figures are based on an investment of £1,000 and

hold true whether the two types of trusts are compared over a five-, 10- or 15-year period. The superior return of income funds has, generally, exceeded 20 per cent. So, should you invest in

these sort of income funds in the hope of hitching a ride on the anomaly effect? And if you

UK Unit Trust Realisation value of £1000 invested 5, 10 or 15 years ago, with net income reinvested, on an offer to bid basis (Jan. 1, 1990)



do, will you be helping to undermine the anomaly by bid-ding-up the relevant shares so they are no longer under-

Lenhoff says you should not have great fears that the anomaly will disappear; "People have known about this phe nomenon for many years, just as they have known about anomaly goes on and on. Peo-ple simply don't understand it - if they did, it would be arbitraged away."

A more cautious view from people in the unit trust industry is that high-yielding stocks may have had a particularly good run over the past decade or so because of the reconstruction going on in British industry.

Typically, high-yielders are

ompanies trading at less than their net asset value. Thus, they provide opportunities for take-over or drastic re-organisation, both of which help raise share prices. Lenhoff's critics caution that these are not necessarily conditions that will

\*Market Anomalies. Capel-Cure Myers, Royal Mint Court, London EC3N 4EY (tel. 01-488-4000).

| CC                 | MPANY                                      | NEV               | <b>V5</b> 5            | UMM           | ARY              |  |  |
|--------------------|--------------------------------------------|-------------------|------------------------|---------------|------------------|--|--|
| T                  | AKE-OVEF                                   | BIDS              | AND                    | MERG          | ERS              |  |  |
| Company<br>bid for | Yakue of<br>bid per<br>shere**             | Market<br>price** | Price<br>before<br>bid | Velue         | Bldder           |  |  |
|                    | Prices in pence unless otherwise indicated |                   |                        |               |                  |  |  |
| ABB Kent Hidgs.    | 178*§                                      | 170               | 153                    | 135.27        | ABB investments  |  |  |
| Alexander (W.)     | 1131                                       | 111               | 112                    | 32.02         | Spotlaunch       |  |  |
| Britannia Sec.‡    | 132 <sup>1</sup> 25                        | 132               | 109                    | 103.93        | ADT              |  |  |
| Chemoxy Inti.      | 400                                        | 405               | 268                    | 11.82         | MTM              |  |  |
| Colonnade Dev.     | 163*§                                      | 180               | 161                    | 8.24          | Plusilow         |  |  |
| Descutter Bros,    | 700°                                       | 688               | 635                    | 89.5          | Atlas Copco      |  |  |
| GPG .              | . 17*                                      | 21                | 23                     | 55.0          | EP.              |  |  |
| Hertwell           | 136"§                                      | 139               | 120                    | 107.5         | Cakhili          |  |  |
| Do. 7.875pc Pf     | 124,7*5                                    | 127               | 104                    | 43.66         | Qakhilii         |  |  |
| Hyman              | 30%                                        | 29                | 261 <sub>2</sub>       | 15.84         | ER Carpenter     |  |  |
| Intl. City Hidge   | 34                                         | <b>32</b>         | 34                     | 23.11         | York Trust       |  |  |
| Jitra Rubber       | 55                                         | 52                | 50                     | 6.10          | Rowe Evans invs. |  |  |
| KLP Group          | 238*                                       | 235               | 160                    | 23.60         | RSCG .           |  |  |
| Do. Conv. Pref.    | 87*                                        | 85                | 67                     | 8.44          | RSCG :           |  |  |
| Laing Properties   | 650°§                                      | 661               | 564                    | 390.80        | Pail Mail Props. |  |  |
| Mackey (Hugh)      | 1309                                       | 122               | 132                    | 7 <i>.7</i> 6 | Alied Textile    |  |  |
| Meinmet Hidgs.     | 10*§                                       | 12                | 60                     | 0.63          | ISS              |  |  |
| Myson‡             | 240*§                                      | 238               | 224                    | 197.50        | Blue Circle      |  |  |
| Nat. Telecom:      | <del>6</del> 0°                            | 61_               | 49                     | 20.39         | Alcatel          |  |  |
| Norfolk Czp.       | 42 <sup>1</sup> 2§                         | 424               | 36 4                   | 175.38        | Queens Most      |  |  |
| Really Useful Grp  | 233*5                                      | 232               | 218                    | 77,4          | Newco            |  |  |
| Saga Group         | 300°§                                      | 297               | 294                    | 54.24         | De Haan          |  |  |
| Saithre ins inva   | 78.7555                                    | 73 <sup>-</sup>   | 60                     | 11.81         | ESH              |  |  |
| Sanderson Murray   |                                            | 203               | 150                    | 3.325         | Rickett Mitchell |  |  |
| TDS Circuits       | 10                                         | 20 .              | 20 .                   | 0.90.         | Teknecomp        |  |  |
| Tavern Leisure     | .34                                        | <b>33</b> .       | 36                     | 8.67          | Miliwali Hidgs   |  |  |
| MIL                | 8.2                                        | 1                 |                        | ^ ~~          | Bellevand Grane  |  |  |

42 8.00

| Company          | Year  |         |           | Earnings*<br>per share (p) |          | Dividence*<br>per shere (p) |         |
|------------------|-------|---------|-----------|----------------------------|----------|-----------------------------|---------|
|                  | Sept  | 2,120   | (5,820)   | 4.35                       | (12.2)   | 3.5                         | (5.75   |
| Beckenham Group  | Oct   | 3,820   | (2,170)   | 8.9                        | (7.7)    | 3.0                         | (2.5)   |
| Berkeley Goyett  | Dec♥  | 39,300  | (31,360)  | 420                        | (33.6)   | 16.0                        | · (13.0 |
| Buckingham int,  | Oct   | 5,410   | (220 L)   | 6.98                       | <u> </u> | 1.6 -                       | · :     |
| Fleming Claver.  | Dec   | 1,780   | (1,630)   | 8.89                       | (8.17)   | 8.5                         | (7.25)  |
| Hambro Eurobond  |       | 343 .   | (2 L)     | -                          | •        | <b>-</b> ·                  | •       |
| Kemo PE          | Oct   | 381 L   | (177)     | -                          | (2.74)   | 0.5                         | (1.5)   |
| Qeen-E-Ze Hgs.   | Sept  | 2,880 L | (1,810)‡  | -                          | (30.8)   | _                           | (12)#   |
| onden Wall Hgs.  | Sept  | 3,300 - | (0.780)   | 23.7                       | (7.9)    | 8.0                         | (4 Ó)   |
| Kerrett Hidge.   | Sept  | 9,870   | (4,420)   | 27.7                       | (12.8)   | 8.25                        | (3.5)   |
| Bandell Group    | Sept  | 76 · ·  | (306)     | -                          | (10.1)   | 4.4                         | -       |
| Securicor Group  | Sept  | 38,200  | (27,300)  | 16.3                       | (10.6)   |                             | (1.29)  |
|                  | Oct   | 6,220   | (3,109) - | -24.6                      | (20.0)   |                             |         |
| Security Sirves. | Sept  | 25,200  | (21,800)  | 15.7                       | (11.9)   |                             | (2.49)  |
| i Modwen Props.  | Nov   | 10,070  | (5,330)   | 6.2                        | (3.5)    |                             | (0.8)   |
| Jalon Discount   | Dec   | 10,540  | (3,470)   | -                          | • .      | -33.0                       | (30.0)  |
|                  | Dec   | 396 L   | (5,790)   | -                          | (23.3)   | 5.0                         | (10.0)  |
| Vard Holdings    | Oct . | 7,220   | (14,440)  | 8.5                        | (18.1)   | 2.6                         | (2.6)   |

| IN.                    | TERIM S         | TATEM           | ENTS            |       |                              |
|------------------------|-----------------|-----------------|-----------------|-------|------------------------------|
| Company                | Hell-year<br>to | est-ers<br>(20) | r profit<br>00) | ₫vi   | tering<br>dends"<br>hare (p) |
| Birse Group            | Oct             | 5,240           | (4,330)         | 0.25  |                              |
| BOC                    | Dect            | 81,500          | (76,525)        | -     | - ,                          |
| Iritish Telecom        | Dec◆            | 2.008bn         | (1.862bn)       | _     |                              |
| Bedgens Food           | Nov             | 11.700          | (6,403)         | 2.0   | (2.0)                        |
| kınton Group           | Nov             | 366             | (504)           | 0.48  | (0.48)                       |
| iblet .                | Oct             | 70              | (225)           | 0.18  | (0.58)                       |
| inglish & Caledonian   | Dec             | 58-             | (19 L)          | 1.0   | (0.00)                       |
| lambro Currency Fund   |                 | 1,030           | (881)           |       | Ξ.                           |
| lelton Holdings        | Octob           | 943             | (494)           | 0.65  | (0.5)                        |
| lickiegate Group       | Oct             | 1.310           | (176)           | -     | (U.S)                        |
| riton Europe           | Nav§§           | 1.560           | (407)           |       | -                            |
| Initech .              | Nov             | 12,290          | (7,840)         | 4.0   |                              |
| Yelsh Industrial       | Oct             | 20              | (14)            | 4.2   | (3,67)                       |
| Pholesale Fittings     | Oct             | 2.560           | (2,980)         | 2 20  | -                            |
| RM .                   | Oct             | 1.390           | (1,170)         | .3.23 | (3.23)                       |
| Figures in parenthese: |                 |                 | (1,170)         | 1.65  | (1.25                        |

ied. L. = loss.; Figures for 17 months. Y US dollars and cr unts and pence. A Net revenue. S After lax prolist.; Figure.

The Week Ahead

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THE INVESTMENT HOUSE

**Good news at Reuters** human side of nourishment, where Dalgety owns Home-pride and Golden Wonder. The results include a final, but not material, three-month

SHARES IN Reuters, the international news and financial information group, have had a strong run in the lead-up to its results on Tuesday for the year to December 31.

Analysts are expecting pretax profits of about £283m, up 32 per cent, and earnings of 44p, an increase of 38 per cent. They will also be looking for a launch date for Money 2000, the new product which will replace the existing Monitor screens in foreign exchange dealing rooms round the world.

The market will, too, be keen to hear about Reuters' prospects for selling the hardware of capitalist trading to eastern Europe, but is likely to be told that the company is more excited by the rapidly growing Pacific Rim market. ☐ British Airways is announc

ing its third-quarter results on Wednesday. Kleinwort Benson expects profits to reach £59m compared with £51m last year, with yearly profits at £315m compared with £268m.

In January, the company warned analysts that profit forecasts had been too high because of rising aviation fuel prices. In some parts of the world, these have increased by 35 per cent.

However, BA's traffic has grown by 6 per cent this year faster than capacity. The company has also benefited from the late delivery of some Boeing 747-400s and lower pen-

Analysts do not expect BA to suffer too greatly from a down-turn in the US market during the next quarter. The company is protected by its broad geographical spread.

After reporting disappointing third-quarter results in November, British Petroleum, the giant oil group, is due to report its fourth-quarter results on Thursday. Followers are looking for net income of about £450m, bringing the total for the year to around £1.75bn. Oil prices have remained high during the period, which will have helped to sustain profits. But gains from property disposals will probably be the most significant feature of

the results. The disposal of the West Britannic office block in the City of London is expected to realise well over £100m. The results may be over-shadowed partly, however, by some fierce questioning over

this week's oil slick off southern California caused by a tanker on charter to British Petroleum America. □ Dalgety, the food and agribusiness group, has fared better during the latest safety scare than during the previous

one, when the salmonella episode wiped out profits from UK Interim results on Monday will show a healthy recovery in eggs, and animal feed sales have been resilient despite

form encephalopathy (the so-called mad cow disease). Like other feed producers, Dal-gety was helped by a hot sum-mer which limited the harvests of natural fodder. Elsewhere in agri-business, weakness in the Australian wool market will be offset by

publicity about bovine spongi-

an up-turn in the pig cycle in the UK, a reverse of the situa-tion in 1988. Few surprises are

expected from pet foods or the

profits should breach 256m in the six months to December 31, against £51.7m in the 1988 period.

Pre-tax profits achieved by Amstrad, the troubled electronics company, during the six months to end-December are bound to look bad when they are announced next Fri-day. Analysts' forecasts range

between £20m and £25m, well down on last time's £75m.

contribution from Gill & Duf-

fus, the commodities business sold in October. Group pre-tax

However, with inventory standing at £325m at the last year-end, attention is focused rather than the profit and loss account. Amstrad has reported that it has been turning some inventory into cash through shifting stock during the autumn; the City will be seeking further details on this

encouraging sign. Bryant Group, the Mid-lands-based house-building and construction company, is expected to reflect the woes of its sector when it reports interim results on Tuesday. Pre-tax profit estimates cover the £15m to £20m range but, whatever the precise number it will still show a marked fall

from last year's £31.1m. Bryant's heavy exposure in the house-building markets of southern and central England will have hampered its periormance. English China Clays still holds just under 30 per cent of the company's shares.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Browery Co. is to join the main market at an initial market

| RE                             | SULTS DL     | Æ             |                   |                |  |
|--------------------------------|--------------|---------------|-------------------|----------------|--|
| Company                        | Announcement | Dividend (p)* |                   |                |  |
| PRIAL DIVIDIDIOS               | due          | lat.          | t year "<br>Final | This yo        |  |
|                                |              |               |                   |                |  |
| AmetradAnglo & Overseas Trust  |              | 0.4           | 1.0               | 0.4            |  |
| British Petroleum Co.          | · <u>.</u>   | 1.35          | 2.75              | 1.6            |  |
| Crest Nicholson                |              | 3,65          | 8.5               | 3.65           |  |
| Dickie (James)                 | Thursday     | 2.5           | 4.65              | 3.0            |  |
| Ecerton Trust                  | Toron dans   |               | -                 | -              |  |
| Faires (London)                | Manada       | 2.0           | 4.5               | 3.5            |  |
| General Consolidated Invest    | Worksandare  | 1.0           | 1.5               | 1.0            |  |
| Green Property                 | Thursdays    | 3.24          | 4.49              | 4.0            |  |
| tunterprint                    | Monday       | 1.1<br>20     | 2.0               | 1.2            |  |
| ndependent Newspaper           | Worknesses   |               | 7.0               | 3.0            |  |
| Vewmarket Venture Capital      | Geldine      | 3.3           | 10.0              | . 4.0          |  |
| Vorsk Hydro AS                 | Thursdown    | -             | `                 | •              |  |
| Reuters Holdings               | Tuesday      | 2.8           | 3.75              | -              |  |
| River & Mercentile Trust       | Thronore     | 7.4           | 6.2               | 3.6            |  |
| Sandell Group                  | Monday       | •.•           | 2.35              | 1.5            |  |
| Scotlish American Investment   | Wadaaadaa    | 0.68          | ~                 | 1,7            |  |
| SEP industrial Holdings        | Wordnoodes   | 0.3           | 0.74              | 0.85           |  |
| TR Pacific Investment Trust    | Monday       | U.S           |                   | 0.4            |  |
| Iribune investment Trust       | Thursday     | 0.72          | 0.2               | -              |  |
| Trust of Property Shares       | Thursday     | 0.72          | 3.28              | 0.85           |  |
| Vise Lestie Group              | Wednesday    | 1.25          | 0.933             | -              |  |
| NTERN DIVIDENDS                |              | 1-23          | 1.75              | 1.5            |  |
| Balley CH                      | Wednesday    |               |                   |                |  |
| Hack Peter Holdings            | Monday       |               | -                 |                |  |
| Sritish Airways                | Wednesday    | 0.65          | 1,75              |                |  |
| Sryant Group                   | Tuesday      | 2.5           | 5.25              | 2.8            |  |
| algety                         | Monday       | 1.4           | 3,4               |                |  |
| Idera IXI.                     | Tuesday      | 6.5           | 10.0              | -              |  |
| asex Furniture                 | Manday       | 2.5           | 11.0              |                |  |
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| Venture Investment Co.         |              | 1.5           | 2.5               |                |  |
| lanson                         |              | • -           | 2.0               | - <u>-</u> -   |  |
| loward Heldings                | Wednesday    | 2.5           | 6.0               | =              |  |
| untingdon international Hgs    | Monday       | 0.6           | 0.9               | · · · <u>-</u> |  |
| Ad Wynd International Inv.     | Tuesday      | <b>Q.7</b>    | 2.25              |                |  |
| AND TRAFFICUORES INV. Terrano, | Monday       | 1.55          | 2.65              | -              |  |
| lows international             | Thursday     | 2.5576        | 2.421             | •              |  |
| lorton Group                   | Wednesday    | •             |                   | •              |  |
| rchid Technology               |              | -             | 0.5               | -              |  |
| noto-Me international          | Thursday     | 1.2           | 4.8               | -              |  |
| ortsmouth & Sunderland News    | Friday       | 2.26          | 5.35              | -              |  |
| econd Allance Trust            | Monday       | 8.0           | 20.0              | •              |  |
| riton Europe                   | Monday       | -             |                   | -              |  |
| urich Group                    | Friday       | _             | _                 | -              |  |

"Dividends are shown net pence per share and are adjusted for any intervening scrip issue." I rich pence per share. American cents per share. Australian cents per share. Australian cents per share.

FOR MANY of the first-time buyers who entered the UK bousing market in 1987 or 1988. the battle to keep up with high interest rates is growing steadily more painful. A sur-vey commissioned recently by the Labour Party suggested that 400,000 of the 7.4m building society mortgage customers were two or more months behind with their payments and Adrian Coles, of the Build-ing Societies' Association, says: "An increasing number of people are falling behind."

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A home-buyer can expect a letter from the lender when a payment is missed or not made in full. It probably will contain m tult at probably will contain a request to visit his local building society branch, although prudent borrowers should take the initiative and go there well before things reach this stage. When, though, does a lender turn nasty? And how might it penalise the borrower even if there ise the borrower, even if there is no question of re-possessing

Jim Murgatroyd, assistant general manager of the Halifax - the largest UK mortgagelender — says it will play straight with people in difficul-ties if they get in touch early to explain their problems and are honest about them. Murgatroyd stresses that even if a borrower cannot service his monthly payments in full, he should keep paying as much as he can. Terry Adams, chief executive of the Skipton Building Society, adds: "If you pay two-thirds of your monthly payment, then it will be three months before you fall a full month's instalment behind."

In the past, a lender would consider court action to re-possess the house once payments fell three months behind. But things are different in today's market. While commercial pressures to get the money are lenders reluctent to lose cus-

Only a very small proportion of borrowers ever reaches the stage when re-possession is a serious danger but many find themselves with a payments' back-log — and this is when the attitudes of lenders start to differ quite considerably.

A fair section of the lending industry, including smaller societies - which tend to make their living by accepting slightly riskier business than their larger competitors - foreign banks and some insurance companies, believe customers should be charged or even fined for arrears. "I think it is only fair that people who fall

David Barchard on the options for borrowers who fall behind

behind should pay something," says Michael McCarthy, general manager of the Walthamstow Building Society, which does charge. "The society loses

He points out, though that the interest on arrears is regulated by a code of practice agreed with the Office of Fair Trading. The penalties vary from a charge of £25-£50 for an unpaid direct debit to an additional 2 per cent on the mortgage rate.

The least punitive action is to levy a surcharge on arrears. But if you have a mortgage from lenders such as the Cheshunt or Cheshire building societies, or insurance compa nies such as Guardian Royal Exchange or Equity and Law, this surcharge will be espe-cially painful.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

A recent survey by Mortgage Magazine showed that Cheshunt charges one-12th of its mortgage rate per month on the arrears while Cheshire makes a monthly charge of 2 per cent of the total owing. BNP, the French bank, adds the equivalent of 2 per cent to the mortgage rate (by taking away a notional 2 per cent reduction for prompt payment). Guardian Royal Exchange adds two percentage points to its rate while in arrears and Equity and Law adds one point. That, says Mortgage Magazine, would mean an increase of around 274 a month on a 250,000 mort-gage and would certainly reduce the chances of a borrower piloting his way successfully out of difficulty.

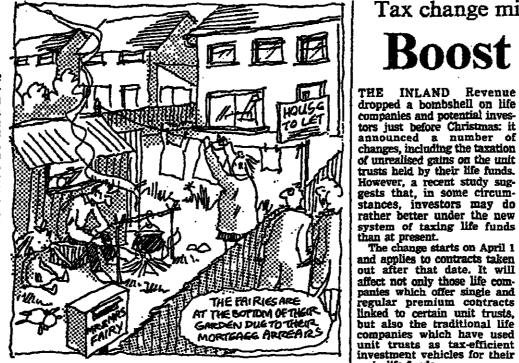
If, though, you have your

mortgage from a large building society, things will be differ-ent. They take the view that bunishing customers who have got into trouble without being imprudent is not very produc-tive. They also have a long-term interest in their bor-rowers and those like the Halifax and Woolwich are stretching their resources to the utmost to keep their interest

rates as low as possible.

Large societies usually fine borrowers only if the arrears have not been agreed and there is a dispute between the two sides. "We don't believe in fining people," says Adams at the Skipton. "Our message is that we believe it is unthinkable to fine anyone who constantly pays something but is in hard-

One reason building societies don't like squeezing customers too hard is that they can always throw in the towel and simply band over their house keys, short-circuiting the whole re-possession process. Adams says that if the bor-



rower really has been defeated by high interest rates and is acting in good faith, the society has little choice but to accept the house.
"Yes, it is quite common for

people to hand in their keys." says Walthamstow's McCarthy. "It tends to occur while interest rates are high, prices are moving slowly, and there is no sign of any gain to the bor-rower from inflation." Building societies are less

alarmed by customers letting out their homes - another strategy popular with despairing borrowers - so long as the arrangement is done with their knowledge and the tenancy is covered by a proper legal agreement. Some societies add an extra percentage point to their interest rates when a house is let. But lenders such as mortgage companies, which package their loans into bonds for re-sale on the money markets, tend to be less keen on the idea.

AMERICAN Express is expanding further into the UK personal finance industry with the launch of a national financial planning organisation

This will help clients draw up detailed plans for organising their finances for a set fee of £245, and Amex says any individual or family with an income of £20,000 or more could benefit.

Acuma is based upon the company's experience in the US where a subsidiary, IDS Financial Services, has been operating a similar service for

many years. The company says it will draw up plans no matter whether it can sell clients any of its financial products as a result. It concedes, however, that it will have to persuade customers to buy some of these products - which include unit trusts, pensions, mortgages and insurance policies - in order to make a profit on the

enterprise. The initial launch will concentrate on the south-east of England, where the company already has 70 financial planners in place. By 1992, Acuma aims to have 500 planners spread around the country.

#### changes, including the taxation of unrealised gains on the unit is likely to be called. This reserve is reflected in the unit trusts held by their life funds. However, a recent study sug-gests that, in some circumprice. Under the new system, though, life companies will be assessed at the end of their stances, investors may do accounting year on a notional rather better under the new increase in the value of the unit trust holdings, and a CGT liability will be incurred and system of taxing life funds than at present. spread over seven years. On the surface, it looks as if The change starts on April 1 this change will cut back even further the yield on bonds com-pared with that of the underly-

Tax change might aid investors, says Eric Short

Boost for life funds?

in the Retail Price Index. The

life company's actuary sets up

a contingent CGT tax liability

reserve based on his estimate

of the sum owing and when it

ing unit trusts, making con-tracts taken out after April 1,

1990, less attractive. So, you

might expect life companies and intermediaries to start a

"buy now while stocks last" marketing campaign for both

life bonds and regular savings

contracts linked to unit trusts. However, the effects of the

change are likely to be nowhere near as drastic as first

thought. The effect of the new

system is to bed-and-breakfast the underlying units automati-

cally every year, up-dating the

CGT base annually.
Investigations carried out by

the life consultancy division of

William M. Mercer Fraser on

the effects of the new system.

based on past investment expe-

rience, show that investors will

receive a higher net return in a

strong bull market but that the return is not as good compared

and applies to contracts taken out after that date. It will affect not only those life comregular premium contracts linked to certain unit trusts. but also the traditional life companies which have used unit trusts as tax-efficient investment vehicles for their main life funds. Standard Life bad already

THE INLAND Revenue

dropped a bombshell on life

companies and potential inves-

built-up its unit trust holdings in its main life fund to £2.4bn out of £13.4bn at the end of 1988, and every other tradi-tional life company was about to follow its example - virtually forcing the Revenue to announce the tax changes. Under the present system, life companies have a contingent capital gains tax liability on their unit trust holdings that is not realised until the

units are sold.

The liability is based on the difference between the bid price of the units at the time of the sale and the original offer the market falls or remains

Life companies have little choice but to keep separate units relating to contracts before and after the changeover date. Thus, the companies probably will issue either a new series of contracts or quote two different unit prices. investors who are approached by salesmen eager to sell linked-life contracts before the deadline need to bear these points in mind.

All intermediaries must give investors a Buyer's Guide at the beginning of any sales exercise, telling them what information they should receive about the product being offered. Investors should make sure the tax implications are stated clearly and should also have the intermediary explain why he is recommending a life bond or regular savings contract rather than direct investment in unit

trusts.

Existing with-profit policyholders with life companies such as Standard Life will continue to do well from the the main life fund. The Revenue has been very generous in its transitional arrangements: life companies can transfer the underlying assets from the unit trust to the life fund without incurring any CGT liability, thereby locking-in the benefit of the capital appreciation

### Where the perks are

COMPANIES often like to tempt their shareholders with perks and discounts on their products. They see it as a good way to promote their brands and services while keeping the

shareholders loyal. Seymour Pierce Butterfield, a private client stockbroker, has updated its directory\* providing details of the various discounts available to share-

At the same time, it warns investors not to pick a portfolio simply on the basis of these. If you hold shares in the fol-lowing companies, discounts are available on:

ountry.

Terry Dodsworth

Clothing: Alexon, Laura
Ashley, Austin Reed, the Burton Group, the Gieves Group,

Moss Bros and Next. ■ Home furnishings and kitchens: ADT (kitchens, showers and double glazing), Laura Ashley, Manders (paints and brushes) and Norcros (doors, tiles, double glazing).

Food, drink, restaurants,

hotels and holidays: Allied Lyons, Associated British Foods (sample pack of gro-ceries), Barclays Unicorn (QE2 cruises), Bass, HP, Bulmer Holdings (cases of wine), City Centre Restaurants.

Friendly Hotels, Grand Metropolitan, Greene King & Sons (wine), Ladbroke Group (Hilton International Hotels), Lonrho, the Rank Organisation, Scottish & Newcastle Breweries

ments (£500 off every £25,000) and Bellway (£600 off £25,000 up to a total of £3,000). E Financial products or services: Bank of Scotland (free Premier Visa Card), Berry Birch & Noble (reduced household insurance policies), Britannia Arrow Holdings (MIM Britannia unit trusts).

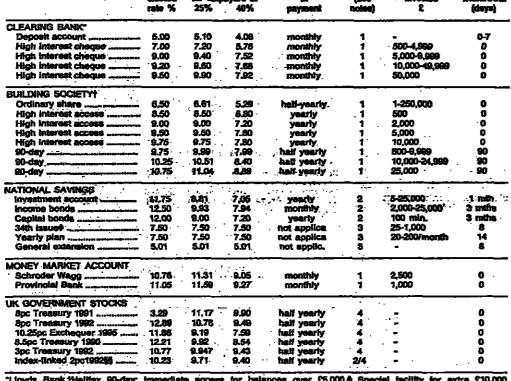
Books: Pentos (Dillons, Athena and Rymans).

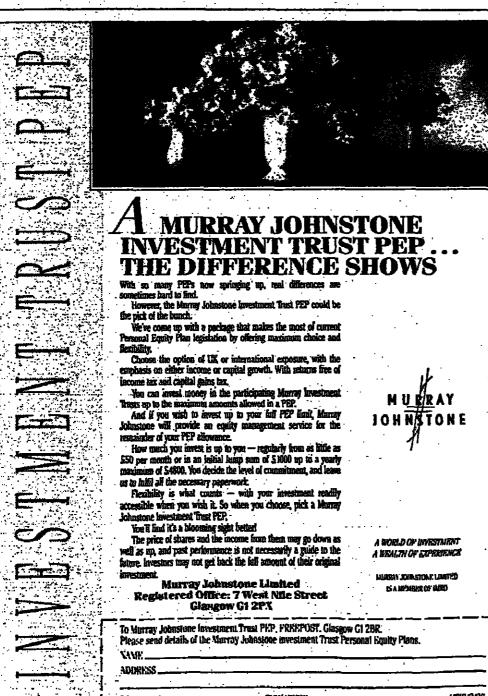
\*Concessionary Discounts Available to Shareholders in UK Companies 1990. Published by Seymour Pierce Butterfield, 10 Old Jewry, London EC2R 8EA. Price £2.50.

Sara Webb

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"Lioyds Bank Helifax 90-day: immediate access for balances over \$5,000.4 Special facility for extra \$10,000 \$Source:Phillips and Drew. \$5.assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax tree. 4 Dividends paid after deduction of basic rate tax.





### A trap for the ethical

ETHICAL investors beware: more than half of the 50 largest publicly-traded British companies have some involve-ment in military production and sales, according to a newly-published briefing by the Ethical Investment Research Service (EIRIS).\* The document is intended for anyone who wants to avoid investing in companies with any mill-699 constituents of the FT Actuaries All-Share index as at September 39, with the exception of the 69 investment trusts which deal mainly in ther companies' shares. All told, 238 of these compa-

nies - representing 54.5 per cent of the market's entire valuation - derive some portion of turnover from military production and sales. Of this total, 57 companies - or nearly one-quarter - have benefited from Ministry of Defence contracts exceeding £5m in one or more of the past three fiscal years; 115 have been involved in making or selling weapons and weapon parts (of which eight made or sold nuclear weapon systems); 237 provided "strategic" and other products and services ranging from industrial gases to window-cleaning; and 27 have been awarded US Strate-gic Defence Initiative contracts or supplied detailed responses to the SDI Office on their areas of expertise.

The extent of military involvement of the 50 largest companies ranges from the likes of Thorn EMI and GEC, which feature in each EIRIS sub-category, to BOC and Trusthouse Forte, which supply gases and catering respec tively. Large companies with SDI involvement are British Petroleum, BTR, GEC, Racal Electronics and Thorn EML

The report also shows the effect on investment choice of combining some of the commonest ethical taboos. If you wish to steer clear of companies with involvement in either military production or South Africa, you would have to select from companies rep-resenting just 28.9 per cent of the overall market valuation.

What you might describe as the hyper-ethical investor (who screens out groups asso-ciated in any way with military products, South Africa tobacco or nuclear power would be left with slim pick-ings indeed. Only 20.4 per cent of overall market valuation and 16 of the 100 largest com-

panies would pass muster.
Rachel Griffith, an EIRIS
researcher, notes: "South
Africa has historically been the area that ethical investors were most concerned over with the military second", she says. "Now, environmental issues are close to taking over

at the top."

\*Military Production and Sale a Briefing for the Ethical Investor. Available from EIRIS, 4.01 Bondway Business Centre, 71 Bondway. London SWS. Price £10.

**David Owen** 



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# The promise of the East.

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A Financial Times Publication

### FINANCE & THE FAMILY

Sara Webb sees some hitches in getting tax relief on health insurance

### Not what the doctor ordered

tax relief on their private health insurance premiums could face a shock.

The Government's scheme for relief on premiums starts on April 6. It covers eligible policies held by people aged 60 or above, regardless of whether the premiums are paid by the person concerned or by a relative or friend below 60. The aim is to encourage older peo-ple to use private medicine rather than the state-funded National Health Service.

It seems, however, that some policy-holders could have to wait several months for relief. In some cases, this could stem from objections by the insurer; in others, it might be because the person is in the wrong kind

According to the Inland Revenue: "No relief can be given for any premiums paid before April 6 1990. If you already have an eligible contract at that date, you will get tax relief on the first premium due

after that date." Some insurers have told FT readers that they will not be able to switch into an eligible policy until their existing insurance comes up for renewal. So, if that renewal date is March 1, they forego 11 months of tax relief.

Other insurers may allow an earlier switch, however, if the policy-holder is paying in monthly rather than annual instalments and the terms of the policy allow it.

Several readers have met problems arising from the type of policy they hold. Peter Wilson of London, who is insured with BUPA, wrote to it in January asking if he could be transferred to a policy eligible

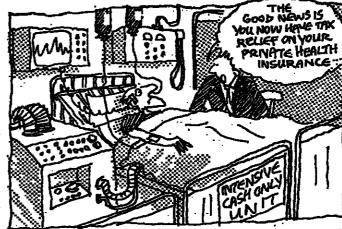
INVESTORS IN European equities have been richly

rewarded in recent months.

The opening-up of the Eastern bloc has generated consider-

able interest on the West Euro-

from Finstat



for tax relief. BUPA replied: "We would advise you that as your renewal falls in January, it would be administratively impossible for us to alter your registration so that tax relief can be claimed in 1990. Unfortunately, you will have to wait until January 1991 before you are eligible."

are eligible."

Wilson thought he would have to forego nine months' relief. On closer inspection, it turned out that because he has a family policy which also covers a child, he would not be eligible for tax relief, anyway — a fact which BUPA did not reint out to him initially.

point out to him initially.

In such a situation, BUPA said the policy-holder would said the policy-holder would have to decide if it was cheaper to continue with the old policy (minus tax relief) or switch to a new policy with relief to cover the husband and wife, plus a policy for the child.

BUPA says its staff are "trying to accommodate as many

ing to accommodate as many people as possible in the time available." Like other insurars, it has been overwhelmed by

the administration involved. Many have had to adapt existing policies and wait a considerable time for the Inland Rev-

enue to give its approval.

A policy is NOT eligible for tax\_relief if it provides cover Cash benefits (other than £5 a night while having treatment in a private hospital bed).

Dental treatment carried out by a general dental practice. Eye tests and other eye

nts not carried out in a ■ Plastic surgery done for cosmetic reasons, such as face-

Alternative medicine, such

as acupuncture.
BUPA says it will contact
policy-holders who pay premiums monthly. If their policy
allows them to change before
the renewal date, they will be encouraged to do so. People like Peter Wilson, who pay annually, will be contacted when their policy comes up for renewal. This means they may not be able to get tax relief for

several months.
What should you do in such as situation? One possibility is to cancel your policy and move to another company. But you will have to fill in new docu-ments and forms. And if, as an older person, you are receiving treatment for which you are

insured under your present policy, that could be jeopard-ised by switching to a new Not all insurers are proving so bureaucratic. Policy-holders with PPP will be able to switch automatically into an eligible policy and get tax relief from April 6, no matter when their research policy agence up for present policy comes up for

PPP, which claims to have 27 per cent of the health insurance market, says it will write to policy-holders in mid-March to explain the situation. They will have to fill in a tax relies form before making the trans-

Sun Alliance says that its direct policy holders will be contacted in March and given contacted in March and given the chance to switch automatically into eligible policies. However, certain policy holders who joined Sun Alliance via a third party, such as a club or association, may have to wait until the renewal date before they can switch.

before they can switch.

Meanwhile, the Inland Revenue has published a leaflet—
IR 103: Tax Relief for Private
Medical Insurance—explaining how relief is given, who can claim it, and the type of cover the contract must pro-vide. It is available from local tax offices and tax enquiry centres or from the Inland Revenue Public Enquiry Room, West Wing, Somerset House, Strand, London WC2R 1LB.

### **Europe:** full of Eastern promise

pean bourses, helping to push up share prices. Europe is now the top-per-forming unit trust sector, with the average fund showing a 32.8 per cent return (offer to hid) over the last 12 months, mium on European investment strusts stands at 6 per cent.
So is this a good time to start investing in Europe? Investment trust specialists at County NatWest WoodMac warn that this is not a good according to figures this week time to buy into a specialist European investment trust which is already trading at a premium. However, Roderick Demand for shares in European investment trusts - par-ticularly those which might benefit from the opening-up of Crawford of County NatWest adds that this could be a good Eastern Europe - is strong, and many trusts are now trad-

pretty certain it will go to a premium given the popularity of Europe at the moment." Strong demand from investors was one reason why Lloyds Merchant Bank decided

to launch The German Invest-

ment Trust (TGHT) this week. It is offering up to 40m shares at £1 per share with one warrant for every five ordinary shares bought. So far about £25m has been placed with pri-vate client brokers and small asset value. The average pre- new issue because "you can be company pension funds.

The investment trust will have "a broad exposure to the West German market," says Bruce Ackerman, managing director of Lloyds Investment Managers, and would be able to invest in East Germany if suitable opportunities arose. Klaus Kaposi, managing director of Schroder Munch-

meyer Hengst Capital (which is Lloyds' German investment banking subsidiary), will be in charge of advising Lloyds on suitable investments.

Investors in the trust will be able to put up to 2,400 shares (with warrants attached) into a Personal Equity Plan before the rules change on April 6

Sara Webb

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GITURE SEAT

like to give my son — who also works for the business — a loan for a couple of months. I would like to make this loan from my director's loan account, which is in credit. Should I declare this, and will

my son have to pay interest (re tax) on the loan? Assuming that your son is an employee of the company "with emoluments at the rate of £8,500 a year or more," of £8,500 a year or more," as defined in section 167 of the Income and Corporation Taxes Act 1988 (as rewritten by the Finance Act 1989), then the loan which you make to him personally — out of funds obtained by causing the company to repay part of its debt to you — will be caught by the beneficial loan provisions and your son will have a potential income tax liability.

The loan will be caught by

The loan will be caught by paragraph 1 (4) of schedule 7 to the Income and Corporation Taxes Act 1988 as "a loan made . . . where . . . his employer was . . a close com-pany, and . . . the loan was made by a person having a material interest in that close

company..."
The fact that the loan is in fact "made in the normal course of . . . domestic, family or personal relationships" (to quote from sub-paragraph 5 of the paragraph in question) does not exempt your son from the penal tax charge; it would empt him if you conducted the business personally, as a sole trader or in partnership.
You should consult the company's accountant or auditor before proceeding.

### No change to account

MY WIFE and I have had for some years a joint bank account into which all dividends, retirement pensions etc are paid, and from which all living expenses are drawn. Either of us can draw on this account with only one signa-

Our shares are all individually owned and thus dividend warrants are either in my wife's name or mine. None are in joint ownership.
After the advent of indepen-

dent taxation in April 1990, can we continue with this convenient joint bank account with-out penalty, or will we have to open individual bank accounts in order to keep separate our approximately equal incomes? ■ There is no need to dis-

I AM A director of a small turb the current arrange-family business and I would ments, provided that (for example) your wife's share-holdings were not bought with money which you had given her. If, on the other hand, you have made gifts of cash or shares etc to your wife, then section 108 of the Finance Act 1989 makes it prudent for your wife to have a separate account (to which you have no access). If you are in doubt, you may wish to consult a local solicitor or accountant as to your position under section. 674A of the Income and Corpo-ration Taxes Act 1988 (which was inserted by section 109 of the Finance Act 1989).

### Value of a painting

MY WIFE is a foreign national residing with me in the UK. She has recently been given an antique painting by her mother, who has never been resident in the UK.

a) Does this fact have to be declared to the Inland Revenue and what is the tax implication, if any?
b) If, at some point in the

future, the painting is sold, is the profit (less commission) subject to capital gains tax? c) How would it be valued retro-It is a pity that you do not say whether your wife is domi-ciled in England and Wales (or

in Scotland or in Northern Ircland) under English (or Scots) law, or whether you were married before 1974 (when the Domicile and Matrimonial Proceedings Act came into force). This point affects the answer to your second a) No - unless details of

assets acquired are asked for. b) Yes, unless the sale price (before deduction of commis sion, etc) is less than £6,001. If your wife is domiciled outside the UK, eg in the country in which her father was domi-ciled at the time of her birth, the painting may escape CGT if it is outside the UK at the time it is sold. The law of domicile may well change soon, in accordance with the recommendations of the Law Commissions. If your wife is

uncertain of her domicile under English law, she may wish to consult a solicitor. c) Since your wife will pre-sumably be having the paint-ing valued for insurance pur-poses, she could have it valued for capital gains tax purposes at the same time. She should ask the valuer to give an item-

ised bill, as the cost of the valuation for CGT purposes (only) will be deductible in calculating the chargeable gain.

We cannot be more specific because was have not stated. because you have not given us any idea of the painting's value: if its prospective sale price (before commission) is only a little over £6,000, the marginal tax rate may be over 75 per cent effectively - with no relief for valuation costs or indexation — under section 128 (2) of the Capital Gains Tax Act 1979, as amended by section 123 of the Finance Act

#### **Buyers** and cellars I LIVE in a block of nine flats,

the result of a conversion two years ago. Each flat owns a 125-year leasehold. Recently we were issued a planning application notice from the council refearing to a proposal to convert our (presently uninhabitable) cellar into two self-contained flats with attached studios. The applicant declared himself to be the owner of the property, previously unbe-known to us all.

We have since discovered that the freehold of the property was sold without our knowledge and, following a law introduced list more than the property was sold without our knowledge and following a law introduced list more than the property of the propert introduced last year, we are now insisting on the sale reverting to the original freeholder so that we, as lessees, may have the option to pur-However, the basement

appears to have been sold as a separate entity without any attached planning permission two days prior to the selling of the original freehold. Is there any way in which we could pre-empt the selling of the basement as a separate entity? According to the local planning officer the basement was regret more and in the way. never mentioned in the original conversion plans, and if it had been included the council would certainly have rejected the proposal - as indeed it has now just done. As residents we consider

that the basement should be included as part of the free hold. The applicant was involved in the original conversion, and it now appears that he had every intention of converting the cellar at a later date. If we are unable to prevent the sale of the basen what right would we have to at least stop any planning development by the leaseholder of

We think that the lessees

of the block will have no right in law to restrain the par-chaser of the cellars from developing them if the leases of the flats make no reference at all to the cellars. You can of course make representations to the planning authority in opposition to any application for planning permission; but you cannot insist that your representations should pre-representations should pre-vail. You may be able to find a way to impede the proposed development if it involves interfering with any ease-ments demised to the lessees.

### Tax bill on trust benefit

I AM A beneficiary — one of five — in a long-standing trust brought about by an intestacy. The life tenant has now died The life tenant has now died and the sole remaining asset is the family house, which she occupied up to her death with one of the beneficiaries, who now wishes to purchase this property. The latter event appears likely to give rise to a Capital Gains. The lightlim Capital Gains Tax liability

a) Will the CGT assessment be raised by the Inland Reve-nue directly on the trust (per the trustees); or,

b) Can the five beneficiaries have their respective portions of the chargeable gain assessed on each of them personally? ■ The trustees' solicitors will be able to clarify the tax position from their knowledge of the precise facts, figures

and dates, but it appears unlikely that there is any sig-nificant CGT problem (by virtue of section 104 of the Capi-tal Gains Tax Act 1979, in conjunction with section 56 of that Act).

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### MINDING YOUR OWN BUSINESS

Success is a one-woman business. Roy Hodson meets her

### In the beginning was the word

WHAT DO you need to make a living from to an office in the Battersea Business Cenwriting? In theory, you can become a novelist, an ace free-lance journalist or a colutions and design firm. Although she could be represented by the second of the publicity and press relations for the National Bed Federation, which represents elist, an ace free-lance journalist or a col-umnist syndicated internationally with nothing more than an old typewriter, endless cups of coffee and a way with words. No doubt there are a few budding literary geniuses even now writing great works in

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In the world populated by ordinary people, though, some workadey management skills are needed to turn a fizir for writing into a profitable small business. A properly-organised writing service providing articles, publicity material, leaficts, bro-chures and company reports can, however, be a sound venture. This has been discov-

ered by a good many journalists in recent years since the diaspora of British national newspapers from Fieet Street. Rather to her own surprise, Jessica Alexander, a former trade magazine jour-nalist, finds herself with an annual feet income of £45,000 just two years after set-ting up her one-woman business. She did, in fact, follow the "garret" tendency at the beginning and worked for a while from her bedroom in her parents' home using a typewriter bought from her father's office for £20. But she put matters onto a professional feature swiftly

sional footing swiftly.

The business is called By Words and she runs it in strict accordance with all the ground rules of management, accountancy and forward planning that the text-books

Alexander, 30, drives every morning from her Tooting Bec flat in south London

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Dr Frank Roberts: charges \$12,000 a Bire

tions and design firm. Although she could do most of her writing at home, she believes in the discipline of "going to

Her capital equipment is half the office furniture (she has made a will leaving it to her co-tenant) and an Amstrad personal computer; this cost her £449 (plus VAT) and she has been known to write 15,000 words a week on it. Her car, bought with a 55,000 bank loan, is used partly for business. Her outgoings are comparatively small. Overall costs are about £12,000 a year, including rent and car-running expenses, and she pays £100 a month into pension and sickness benefit schemes.

Alexander graduated from London University 10 years ago with a degree in

English literature. Her experience in trade journalism came mostly from the magazine of the furniture industry. The Cubinet ker, where she became associate editor

source, where she became associate conform charge of features.

British trade journalism has a reputation for being tough, accurate and detailed and the sector has a wider spread of specialist magazines than any other nation. Alexander learned the writing trade thoroughly during her apprenticeship: reporting leature writing, page make-up, com-missioning material, handling photographs and, most important, how to turn technical jargon into everyday lan-

The contacts she made served her well when she decided to become a free-lance.

manufacturers. That pays £14,500 a year and takes around three days of her ing week. "Without that income as a sheet anchor, I doubt whether I would have had the nerve to start working for myself," she

From the start she put aside time for marketing, as she realised that work would not flow-in automatically. She cultivated all her corporate and magazine con-tacts by letter and telephone and still

keeps them "warm."
There is, however, an upper limit to her earning capacity at normal editorial rates: probably around £50,000 to £60,000 a year - and that would mean putting in a tough six-day week. Payments for articles vary considerably. Even now, with her experience and reputation, she cannot command much beyond £200 per thousand words from the magazines. Daily newspapers and some of the "glossy" publications pay bet-ter, but they are much more erratic in their requirements.

Alexander believes her best route to expansion, while staying within editorial services, will be to produce "in-house" newspapers for companies. Such business would enable her to employ staff and she would take on a new role as managing

☐ By Words, 87 Battersea Business Centre, 103 Lavender Hill, London SW11 5QL (tel.



Jessica Alexander: income of £45,000 after only two years

### Out of the biological soup

PLUCKING precisely the ingredient you need from the soup of proteins brewed in most biological fermentations is a rare skill of its own. Every successful distiller of moon-shine has recognised this. So has Dt Frank Roberts — to his profit as an industrial chemist. He has used his knowledge of bio-technology and his flair for market research to turn a British university discovery into a new kind of filtration material selling for £12,000 a litre.

Roberts makes Prosep-A, as his filtration medium is called, in a small factory-cum-laboratory in Consett, County Dur-ham, with a staff of just 10. Sales this financial year will exceed £250,000 and "we're well on target for half a million

Roberts, 43. read bio-chemistry at Newcastle University, where he gained a PhD, followed by post-doctoral research in chemistry at Glasgow University. In 1981, he was invited to set up a Cambridge offshoot of a US bio-technology firm called Bethesda Research Laboratories, selling highly-purified bio-reagents to research laboratories. "They asked me to join them because I told them what they were doing wrong," he says. Roberts ran BRL for four

years and then launched out on his own with Protein Separations Ltd, a collaboration with Thomas Swan, a small Consett-based chemicals company. He saw the opportunity "and, more important, got the timing of the technology"

- while visiting bio-laboratories for BRL. What he spotted was a separation technique dis-covered by Surrey University for purifying anti-bodies reagents of fast-growing interest in medical science. It is called affinity absorption: the

idea of forming a temporary chemical bond between the fil-

ter and the particular substance to be separated. In February 1987, he persuaded a venture capital investor, Alta Berkeley - which specialises in health care - to put up £500,000. But not all at once, said Alta Berkeley. The first tranche was £125,000, partly for "market-led research" to answer several

questions.

One was to demonstrate that the technology could be developed into a product (this led to Prosep-A). Another was to determine if there would be a market for this product, and how soon. (Here, Alta Berkeley asked Roberts for documentary evidence from potential cus-tomers. That was a tough chal-lenge that he tackled himself; he provided the proof within six months).

Simultaneously, the opportu-nity arose for him to acquire a local bio-technology venture called Bioprocessing Ltd,

offered him what he calls "instant laboratories." Within a year he patented Prosep-A, a porous column of glass which can be "tuned" (through clever chemistry) to separate a specific protein from a soup by attaching particular mono-cional anti-bodies to the glass.

which had foundered when try-

ing to raise more finance. It

The chemistry belongs to Surrey University. Roberts repays the dons with a contract that helps to fund further research for the next three years. Meanwhile, he is drafting a corporate plan to try to raise a further £1.5m to pursue one or two other novel biotechnologies he says he has found in his travels.

☐ Bioprocessing, Number One Industrial Estate, Consett, Co. Durham DH8 6TJ (tel.

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Paul Tapscott provides a key tip

### Make your money earn its keep

WHATEVER your reasons for might expect to have a profit exploit a skill, develop an idea, be your own boss, even to make a fortune — its life expectancy will be short unless

margin of 20 per cent. If annual sales were 1.5 times the capital investment, the return on capi-tal invested would be 30 per cent. it earns a profit.

Although this might seem obvious, surprisingly many people fail to consider it carefully enough, particularly in relation to what they could earn by putting their capital in the bank and staying at home. Its significance is important in several ways. Most important, profit figures show creditors and bankers at a glance that the firm is viable, so giv-

ing them confidence. Profit also provides cash for normal expansion and, of course, an improved standard of living for the owner. But what level of profit is appropriate and how is it to be achieved? Starting capital must pro-

vide enough cash to establish, equip and operate the business. if you invest with a building society, a bank or the stock market, you might now earn up to 14 per cent (gross) without personal effort and with lit-tle risk of capital loss. Interest will be received regularly and you can spend it if you wish.
If you borrow to finance a young business, however, a

bank will charge close to 20 per cent and you will be risking your own savings. So what rate of return should you expect after deducting all expenses, including your own salary? In present circumstances, surely it is reasonable to aim for at least 30 per cent on the capital invested.

Whatever rate of return you select, though, it must be translated into daily operations. That will require an understanding of how a business earns its return on the capital invested in it.

Any business has two crucial financial relationships: the net profit margin on sales and the ratio of sales to the capital employed. The return on capi-tal is the multiplication of

starting a business - to margin of 20 per cent. If annual

Annual sales .. £300,000 (100%) ....£240.000

Profit ......£60,000 (20%) £300,000 ÷ £200,000 (1.5 times)

The return on capital employed will be the profit

on sales vary widely but are very similar for identical types of business. This can provide a useful check on the performance of your own venture.

high-volume firms but much higher for businesses requiring a heavy investment for each £1 of annual sales. Accepting a target figure for return on capital is all-important for achieving a successful operation.
Then there is the matter of

My point is that constant planning to get the target on capital employed right is an

In some cases, the funds would be invested more profitably in a building society. That must be wrong.

#### MINDING YOUR OWN BUSINESS

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telephone system. Twenty

minutes and three international calls later, I

in the Roses Park, three old men – fine-boned, sallow Magyars – pulled contentedly from a bottle of Tsika,

savouring the final moments of sunlight. One saw my

camera: "Photograph the crows," he said, turning his back. Two fresh-faced soldiers,

slapping their legs against the cold, asked for a cigarette. Only last week they were

searching the same park after rumours swept the city of yet more caches of Securitate

Distant chants disturbed

the peace. Once more, a crowd

of drifters had gathered outside the Committee headquarters. The whiff of alcohol was in

the air. A few disconsolate soldiers manned the steps, but

soldiers manned the steps, but no one checked my papers. In the old Communist Party conference hall, the Committee, 51-strong, was in emergency session. Half-way down the table one old peasant, an eastwhile fiery freedom fighter, was snoring outsity.

A vote was taken to determine the duration of the meeting. I abstained. The votes

were counted — 31. Angry voices competed for an audience. Where are the others? Who are the others?

A bemused major, officiating,

The absentees were banned.

New people were to be co-opted. Again, I declined the

opportunity and another filibuster got under way. Bowing, I left the government

Downstairs, the same young

Outside, the trams were back

in action. Mist was descending

figures could be discerned still

and the crowds were dispersing. Candles flickered

dimly over the martyrs'

memorials. A few stooping

arranging flowers. A group

of men ran past, chanting. "Death for death. No work."

I tightened my jacket and

Back at my temporary home in Silviu's flat, Petar, an

intense Romanian journalist.

was handing round photos of

the revolution. Black and

white, blurred, they seemed

quickened my step.

from another world.

soldiers were defying entrance

to an impressive French

camera crew. I waved them through. The soldiers parted

read out three conflicting lists.

emerged in need of air.

### **PERSPECTIVES**

#### The Active Citizen

ONE OF the themes of the Thatcher years has been that the state should do less and the citizen more, both for himself and for

Even if the public expenditure record sometimes suggests otherwise, the Prime Minister believes it is not government's job to provide more than a safety net. The state, she says, should not be seen as a cushion and public welfare should not be regarded as an entitlement. Her hoped-for return to "Victorian values" implies that better-off individuals should devote more of their time and money to the worse off - that wealth. success and privilege carry

their own responsibilities. Just as the poor should be discouraged from welfare-dependency, so the rich, whose taxes have been sharply reduced, should be discouraged from thinking that their social obligation ends with the Inland Revenue.

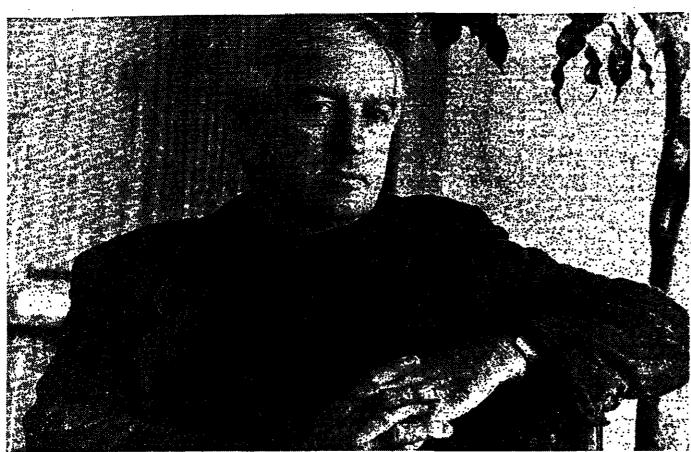
Voluntary work and private charity cannot supply more than a fraction of the community's needs. But it is argued that the enthusiasm of volunteers makes their effort more effective and their money more efficient than anything delivered by state institutions. It is the social equivalent of "privatisation."

There is no almost no limit to the type of activity the modern altruist can choose. Even the country's defence depends to some extent on volunteers.

What they have in common is that they are people who do more than write out the occasional cheque or toss a coin into a beggar's cap. Some have rolled up their sleeves to work directly with the people they are trying to help, either independently or through schemes run by their employer. Others may be involved in raising large sums of money.

Whatever their motivation – and sometimes they cannot explain it themselves they are people who do required of them. Already in short supply, they are likely to become even more so in the Nineties as more public institutions turn to

the private sector for help. Today the Weekend FT begins an occasional series describing some of the people who have come to be called . . . Active



### The road from Annabel's

Christian Tyler meets a senior manager with a social conscience

AUL SMITH, a senior manager earning more than 2100,000 a year, decided to take up charita-ble work after a night out at Annabel's, the smart London club. Like many people who give up their free time for others, Smith does not like talking about it. He is afraid of sounding sanctimonious. But the reason why people do things is often more interesting than what they do. So I persuaded him to tell me how he arrived at the actual moment

"I was living in Redcliffe Square in those days, near Earl's Court. I had just got home from a very glitzy night out — a first night at the theatre and then Annabel's. I picked up the local paper and read about the suicide rate. Earl's Court had the highest suicide rate in the country then - as well as child prostitution,

drugs . . . everything.
"I thought 'Jesus Christ, what do I ever do for anyone? I work hard - very hard - and I play. I had thought before I ought to do something, but never got round to

The next day he went to the borough's volunteer bureau and was soon running a "drop-in" club for people with histories of mental illness. Working for the mental the Samaritans and that, in turn, led to helping men who are dying of AIDS.

During the day he works for Marks & Spencer. He puts in about 11 hours daily at the company's head office in Baker Street as director of the division that chooses sites and designs, builds and equips stores. He controls a capital budget of £200m a year and a revenue "spend" of another £160m. He drives to and from his Kensing-

ton home in a Jaguar Sovereign.
His Friday night job at the MIND coffee-shop lasted for three years. Today he is chairman of the charity's Kensington and Chelsea branch, a committee job he tried at first to avoid. It means one working hunch a month, a finance meeting every six to eight weeks, a policy discussion four times a year and intermittent visits to four

Then a friend introduced him to the Samaritans. That meant ten weeks' training at night classes ("the most thorough training I have experienced") followed by a year's probation. He has been working a four-hour shift on Saturday mornings. He tried night shifts for six months but could not cope. "I was too old to go a whole night without sleep. It was wiping me

Just over two years ago, the wife of a fellow M&S director asked him if he would be interested in a very different type of counselling in which she was expert - not people with mental illness or personal cri-ses, but people who had developed AIDS and were certain to die.

So now he provides what is called "home support" for the London Lighthouse, a hospice in Ladbroke Grove. He takes sufferers out for a drink or a meal, or puts up their bookshelves for them. It is not a big workload and can be done at his convenience. He has deliberately avoided one-to-one responsibility for an AIDS victim because, he explained, the demands of his job would inevitably result in him

"I must admit I was intrigued by the challenge," Smith said. "There was a total lack of understanding about AIDS. And I

lack of understanding about AIDS. And I suppose, having a young daughter myself, I was aware of the danger for young people. Did you know that, worldwide, more women than men have it?"

People do voluntary work partly for themselves, according to Paul Smith. "Yes, they are moved and want to help. But they get something out of it as well. Some actually get too much out of it, forgetting they are there mainly to help others."

As it happens, Smith works for a com-As it happens, Smith works for a com-pany that takes its social obligations very

seriously. He thinks M&S genuinely cares,

but he prefers to work solo. Although he admires people who organise or raise funds for charity, he is by temperament

has the time that others do not. But he says he would have been goaded into doing something by his wife even if the family was living together. His motivation owes something to his own upbringing in a poor, working class, but very close Irish Catholic family in

and background one of those who likes to roll up his sleeves and do it himself. Ami-cably separated from his wife, he perhaps

Bristol and something also to his degree course in psychology.
"I always felt very privileged because I felt cared about", he said. He was the first fett cared about, he said, he was the hist member of the family to go to a private school (a Catholic college in Bristol) and the first to go to university (Manchester). His father, an aircraft mechanic, made considerable sacrifices: he even sold the car he had saved for all his life to pay for

his son's education.

So Paul Smith feels he is really only paying back what he owes. He thinks the titled ladies on the charity committees probably feel much the same. "It's very easy to knock them. But they do sume-thing I wouldn't touch with a bargepole — I can't think of anything worse than hav-ing to organise a charity ball for example - and they produce a lot of money for

charity." Some of Margaret Thatcher's views on the role of the state and the individual he finds too extreme. Yet he agrees that people have a responsibility. And the more privileged they are, the greater that responsibility is. They should not use the welfare state as an excuse for doing noth-

ing themselves.

"Just paying taxes is a cop-out", he said. The amount of time each person can give will depend on their work and their domestic lives, he agreed. "But I don't believe there is a family in the country." that cannot spare an hour a week."

### Old faces wearing brand-new skins

MIDDAY on a late-January Saturday in the lobby of the Continental Hotel, Timiscara, in south-west Romania. Three strained politicians

chain-smoke in a corner. Highlighted against a garish dollar sign imprinted on the duty-free store (hard currency only), a group of shifty Polish "businesemen" confer uneasily. Newly-arrived and down-jacketed German aid workers try in vain to communicate with the stony-faced reception. An

unshaven soldier dozes fitfully in the folds of an impenetrable velvet mantle which defles entry to the most slender ray Enter Corinna, arms waving,

blond hair streaming, eyes ablaze. "Have I something to show you!" Not even the jarring, fake-American accent could mask her excitament. Coquettishly, she brandished a little mottled booklet before ıs. Dan and Silviu, fellow-interpreters, ran to embrace her. Corinna Popovici, 77-year-old veteran of street hattles, witness of hideous exhumations, founder of

revolutionary committees, was in tears. "It's a dream. I'm free to go." She jumped up and down, chattering like a school-girl, breaking off only to whisper to her prized possession, a little squirrel puppet, the gift of a grateful French journalist.

Silvin took us to the Restaurant Boulevard to celebrate. On the corner of the ornate Piata Opera, it masquerades behind a smoke-screen of shattered class and thick grey curtains Dan and Corinna had never been there. I blinked. The cream of Timisoara society was out to lunch. Sleek, well-fed young men lounged contentedly with their garish partners, beckoning th mmaculate waiters and ordering Romanian

champagne. A few couples gyrated slowly to the languid strains of Piai. We ate starchily but well; the plates were full. I ventured "coffee." My Romanian companion laughed: "Vino. luteles - of course." Corinna explained: "Now he says 'of

course.' Last month, it was 'of course not'." Dan smiled

of the Timisoara shopping

wryly. "Old faces in new skins." After hmch I wanted to make a phone call, so Silvitt took me shopping. First stop at my request, was the flagship precinct, the Bega, a crumbling concrete and glass monstrosity squatting in the main street and cozing gloom and disappointment like its

namesake, the local river. We joined the human funnel inside. The crowd streamed to the far end of the vast food hall where two static queues stood waiting, silently, patiently, shivering slightly while a weary butcher dispensed slabs of meat. I was left alone in a maze of deserted aisles. Thousands of identical jars, pickled pork and pureed cabbage and other

indescribables, stared down like the specimens in a pathology lab. The two queues had merged; the butcher had vanished. I remembered my first



Romanian joke: A sow has two piglets. The farmer, anxious to please, tells the overseer there are six. The overseer tells the government 12. The message comes back: "We'll export two and you keep the

The shopping tide was still flowing. For some reason. everyone else was clutching a blue metal urn, but I must have missed something: I was empty-handed. Dutifully, I followed Silviu to his recommended venue, the duty-free store.

The previous week, I had waited five hours for a wrong number. There are only three international lines to Timisoara and the switchboard closes at eight. This time, courtesy of Silvin, I want round the back. Silviu knows the guard.

frena, grande dame of the Timisoara switchboard. ushered us in like time-honoured guests. Silviu, as to the manor born, kissed her proffered hand while slipping an anonymous white bag into her other. Irena, still chutching her "little luxuries" chocolate, coffee and soap - showed us to the

nerve centre of the Timisoara

Alec Russell

### international switchboard.

### Fishing A barbarian speaks

THERE IS, I would suggest, one central, inescapable, uncomfortable fact common to hunting, shooting and fishing: they involve causing terror, injury and death to innocent creatures, and they are there-fore cruel.

Those who love these sports might do well to consider more carefully the ethical questions arising from them. For the hunting fraternity to preach about the need to control num-bers of foxes is hoosy. It is the most inefficient way of killing foxes imaginable. Why cannot they admit that they do it because it is tremendous fun, and that this outweighs the suffering of the fox?

Those who shoot are usually more open about their motives, although there is more than a touch of the disingenuous about the way some seek to represent themselves as the "true conservationists." The problem with shooting's public image arises from its invasion by gross commercial interests.
The slaughter of huge flocks of hand-reared, corn-stuffed, half-witted pheasants by guntoting slickers has brought the sport into something approach-

ing disrepute.
Fishing attracts less obloquy that other field sports, partly because it is quieter and less public, and partly because the cold bloodedness of the quarry is less sympathetic to the campaigning spirit. Nevertheless, ethical issues do arise, and anglers should think clearly about them.

My own position is simple, although I fear some may find it disgraceful. I am sure that fish experience extreme dis-comfort and fear when hooked and caught, and probably a
and caught, and probably a
degree of pain. The only way to
avoid inflicting this suffering
is to give up fishing. This I will
not do. To put it crudely, my
enjoyment is more important

to me than the fish's misery.

If that makes me a barbar ian, so be it. But I defend myself against the charge of being a sadistic barbarian. I will not subject fish to unnecessary suffering and death. In practice this means that I will only kill fish that I (or friends) wish to eat. Since most trout are, to my taste, not worth the trouble, I return the majority

to the water alive. This also makes ethical Nigel Spivey demands. A fish dragged from the water, manhandled and



thrown back is likely to die from internal injury and trauma. Only if it is treated with the utmost care will it have a reasonable chance of survival. This means playing it survival. This means playing it out as quickly as possible, not netting it or weighing it, but instead removing the hook (much easier if barbless) while it is still in the water. American anglers have made a creed can anglers have made a creed of this practice, known as "catch and release." In the US, to admit in print that you occasionally kill and eat a trout is to risk vilification.

In Britain, too, some fishermen have strange ideas about killing fish. I was once violently abused by an extraordinary busybody who objected to

nary busybody who objected to my banging a pike over the head in preparation for turning it into fishcakes. No argument could persuade him that I had

not been guilty of an act of pure evil. Although there is much that is sound in the philosophy of catch and release, I hate the

intolerant self righteousness of some of its evangelists. I would defend to the death the angler's right to kill for the pot. But there must be sense, and restraint. For example, it is not easy to

defend as an extreme case the catching and killing by four anglers of 96 salmon in a day on the Oykel last summer. They cannot possibly have eaten 24 salmon apiece, and so it must be presumed that many of the fish were sold. In such circumstances, the salmon angling lobby's denunciations of the depredations of commercial netsmen sound more than

a little hollow. The joy of fishing does not lie in having a corpse on the hank. It lies in the deceiving of the quarry, and the subjugating of it. If fishing has a moral edge over other field sports, it

enge over other nem sports, it is that death is not inseparable from success. We have the choice: to kill or to liberate, and we should feel obliged to exercise the choice carefully.

In 2h waste of speling I have in 30 years of angling I have killed and eaten a good few fish, and returned alive many more. I have been guilty on occasions — through ignooccasions — through ignorance, clumsiness and stupidity — of needless crueity. I hope I have learned to be a more ethical angler. I am happy to explain why I fish. My hope is that I will not have to apologise for it.

Tom Fort

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Genius of the Place

### The home of the laughing outsider

cults that the myths grow richer as one gets closer to the place of burial. So there is a fair chance that if you are prepared to stand the locals of Wool or Moreton a couple of beers, they will tell you of the international conspiracy that devised the death of Lawrence (Lawrence of Arabia): of the large black limousine that surreptitiously slipped away from the place where his motorbike crashed, and of his special relationship with Churchill, and his projected meeting with Hitler. Lawrence's succession of assumed

names, and his insistence upon staying in the armed forces, will be woven into a romance worthy of his admirer John Buchan. Such are the gifts of the Dor-setshire yarners, who must encounter plenty of gullible pilgrims to Lawr-

ence's home. The object of pilgrimage is Clouds Hill, a small and easily-missed cottage, closeted from view by thickets of holly and rhododendron. The surrounding heathland is rutted by tank manoetives from pearly Boyington Comp vres from nearby Bovington Camp (where Lawrence served as a private in the Tank Corps), and holds trespassers at bay with the threat of unexploded

Carved in the lintel above the entrance are the Greek words for the sentiment, "Who gives a damn?" You are not meant to give a damn about being at Clouds Hill Outwardly it may resemble a typically English place for rustication; inwardly, it is the temporary shelter of a weary nomad. So do not expect it to be cluttered with things. Books, scant furniture, a sleeping bag and a trumpeting gramophone player; plus some Middle Eastern and

military memorabilia. You may circulate Clouds Hill with nods of approval: this is the asceticism you would expect of the man who was Lawrence of Arabia, who renounced bodily comforts, money and even the

premium of fame It is true: Lawrence did not care much for possessions. But Clouds Hill need not have been quite as bare as it dent. Lawrence, at the end of his cam-

anecdote once told to me by my former teacher at Cambridge, Robert Cook. As a young lecturer he was once staying with A.W. Lawrence, T.E.'s younger brother. A.W. Lawrence was Professor of Classical Archaeology at Cambridge after the last war, and Robert Cook was a later incumbent of the same chair.

Professor Cook told me how one day A.W.'s daughter was playing in the box-room of the Lawrence home; in the box room was a trunk containing the wartime gear of T.E. Lawrence — robes, weapons and so on. She came downstairs waving a pistol, and discharged some bullets into the ceiling: which so unnerved the gentle A.W. that he took the pistol straight to the police and consigned the trunk and its contents to

a local jumble sale.

Robert Cook enjoys telling this story:
as he points out, A.W. Lawrence was by
then fairly tired of the fetish made of
his brother. There will be enthusiasts who could scream at the thought of an Arab head-dress once worn by T.E.L. being used to polish Aunt Harriet's brass candlesticks; but there ought also to be those who recognise a fraternal act of plety when it happens.

The latest biography of T.E. Lawrence, by Jeremy Wilson, is out: its style is not unduly prolix, but it is still a massive book. Yet, although it claims "authorisation," one has the sense that it will not be the last word. This despite the millions of words already generated indirectly by T.E. Lawrence. A.W. Lawrence was right to throw out the effects of his brother: the cult has been nourished quite enough without them. So it is that Clouds Hill is bare. It is nevertheless an important place. It conveys an essential side of Lawrence (an

admitted man of many sides), a side revealed by one of the concluding episodes of The Seven Pillars of Wisdom. A British medical major comes across Lawrence, native robes and all, in the hospital for Turkish prisoners at Damascus; asks him if he is in charge, and reproaches him for the squalor evi-



paign, and in the midst of burying bod-ies and trying to get the place straight, records how he "cackled out . . . with the wild laughter of strain." Shocked, the major slaps him across the face: and Lawrence can only laugh and laugh. He

was always above and outside it all. Clouds Hill is the place for the laughing outsider, and Lawrence escaped to it whenever be could. In that glorious Boy's Own prose of his, he calls the squaddies with whom he was billeted "the fellows": but one reason why so many good letters of Lawrence have survived is that when "the fellows" went out Lawrence stayed in and wrote to his friends - Mr and Mrs Bernard Shaw, E.M. Forster, et al. What sort of fellowship could he have shared with soldiers, whose off-duty preoccupations were drinking pints, causing princh-ups and conquering women? To a chaste and gentle tectotalier, these were never "fellows." Even the ranks

were no home for Lawrence. But a few Service chums were made, and they came along to Clouds Hill to be blasted with the latest Elgar sym-phony. Others assisted Lawrence's mor-tification of his flesh: and at Clouds Hill we may still gaze upon the large leath-er-bound divan upon which the fiagellation of St. Lawrence of Arabia took place. But do not make too much of it. Do not give a damn about what is in

Clouds Hill. You may go on to visit the grave, in Moreton parish churchyard; or the saint's effigy by Eric Kennington, in St. Martin's Church at Wareham. Above the relics stands the commemoration: the example of a man above us, holier

than us, in every sense worthy of his adoption by the National Trust.

Clouds Hill is now run by the National Trust. It is open Wednesday to Friday, Sunday and Bank Holiday Monday, 2pm to 5pm (April to September) and Sunday 1pm to 4pm (October to March). Lawrence recommended guests to try the Black Bear, in Wool: the recommendation is still valid.

### GARDENING/MOTORING

### Cheating nature with plants for junglies

Robin Lane Fox on early spring in the conservatory

ERHAPS NATURE is taking its revenge with the recent high winds doing their best to blow the glass of our greenhouses and conservatories inside out. We have been cheating late winter and early spring with a high season gardening under glass, in green-houses, conservatories and even in cold frames which are sheltering early bulbs. On a clear, cold day, when

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the sun is bright and the wind is bitter, owners of conservato-ries congratulate themselves on their wisdom. They can sit among paper-white narcissi. scented jasmines and early camelias and enjoy a sun and scent without chill. They should also be enjoying cym-bidium orchids in February if they have remembered to stand them in shade outdoors during the summer and feed them when they show buds.

For years, I coveted a yellow jasmine in February. One particular form provides a spectacular sight in winter in the Oxford Botanic Gardens. Its large semi-double yellow flow-ers are sprawling over the roof of a cool greenhouse and astonishing visitors with their colour and shape. We all know the scented white form which is sold as a pot-plant and grows furiously in future years, its bigger yellow cousin, Jas-minum mesnyi, is spectscular in a different way. Its charms are its flowers, not its scent; it is a brilliant luxury from

China, but it is not a difficult plant if kept free of frost. In a conservatory it is vigorous, but I divide conservatory-owners into "junglies" and sofa and chair-freaks." Junglies have planned for a dense effect of plants and do not regard the conservatory as a another room under glass.

Mesnyi will eventually grow over your conservatory's roof above the wicker cane furniture and glazed nots. This year, it is listed for the first time by Burncoose Nurseries, Gwennap, Redruth, Cornwall, but is also in the regular list of Hilliers, Scotts or the admirable Starborough Nurseries, Marsh Green, Edenbridge, Kent. If

you can find it, bag it.

please note the cautious reference to listings of this yellow jasmine and do not reckon on immediate stock in every case. Unusual plants are often rare plants and at this point in a supplier's year they may not be still available on demand.

Two weeks ago, I wrote about the winter iris, men-tioned its less usual forms and referred to the grower who is currently listed in *The Plant* Finder, Roger Poulett in Sussex. Winter irises touch a chord in FT readers' hearts: scores of you have applied to him, but Poulett's stocks of particular varieties have been fully booked since September. As a grower, he is unable to meet an unexpected demand and has asked me to applogise to would be customer



Walter Butt, Mary Barnard, are regularly supplied each autumn by Avon Bulbs, Upper Westwood, Bradford on Avon, Wiltshire and by Broadleigh Gardens, Bishops Hull, Taunton, Somerset. This season's supplies are running low (the rare white form is sold out) but these major nurseries are a way of getting a new winter iris for the planting-season

If you want to grow the yellow iasmine, what else belongs with it? To my mind, it needs a good mimosa for company. Mirrosas have scent whereas the jasmine has brilliant flowers; mimosas appear first and are a prettier combination of flower and leaf. A sprig of mimosa in January is the emblem of a gardener who has paid up and gone to glass.
Their placing needs thought, Buying and bagging are gar-however. By nature, mimosas deners' natural habits; but are tree-like, a shape which

sits uncomfortably with many people's idea of a room under glass. Young plants will grow up to six or seven feet in a big pot if suitably watered. They can be stood outdoors in the summer as they are nearly hardy and need no heating beyond an exclusion of frost. Indoors, they are definitely plants for junglies, Mimosas particularly like junglies who have made flower beds against the back wall of a lean-to conservatory. They fit prettily into the corners, while a yellow jas-mine can be allowed to ramble between them, jungling its way

up to the roof.

The problem in finding mimosa is not the supplier, but the name. You must look for it under acacia, whereas, acacia trees are listed under Robinia. The standard variety is Acacia dealbata which is widely available: Scotts of Merriott, Somerset, sell it and also list the vellow jasmine; £1,50 buys their excellent catalogue. The usual is well scented, but there are wild relations which are great fun under glass and are beginning to trickle into the trade. Burnecose list several, up to £5 for a small plant, including the rare riceana which is a favourite of mine with dark green leaves like pointed needles. Botanists have renamed it a Racosperma which will probably divide popularity. Up in Clwyd, Celyn Vale

Nurseries, Carrog, Corwen, are specialists in eucalyptus and acacias and have a range of mimosas which serious conservatory-owners ought to relish. have to be a jungly to find end-less pleasure in a potted Daphne. Try to start off with a plant which has been thoroughly grown in a proper compost: peat-based cuttings from an importer's plastic tunnel are not so ready to settle down to life indoors. The best form, widely available, is Daphne odora, which can be clipped to shape in a manageable pot in fashion-conscious conservatories and is just opening its rose-red buds into flowers of spring's most exquisite scent. Wind or no wind, they take the edge off early February and remind you that conservatories do not have to be rare or over-heated to be full of life.



IT LOOKS LIKE a four-door saloon but, when you lift the boot lid, the rear window comes up, too. The Daihatsu Applause (above) is the latest Japanese

family hatchback to reach Britain. It is a quiet, refined car powered by a 1,6-litre engine producing 105 horsepower with fuel injection, 91 horsepower with a carburettor. Prices

are £9,250 and £10,250 respectively. Power steering, electric front windows and door mirrors, tilt-adjustable steering wheel and central locking are standard on both models; the fuel-injected 16X1 has a catalytic converter. Automatic transmission, on the 16Xi only, is £700 extra. Either model can have a powered sun-roof for £520. The load space will

hold four sets of golf clubs, Daihatsu says, and the rear seat back-rests fold forward or recline separately. The 16Xi I sampled kept up with the motorway pack and felt quite spirited on country roads. Even by Japanese standards, it had light controls.

#### back minus rust

Durable Dedra has that touch of quality, reports Stuart Marshall

can see that Lancia's mistake was to go for volume. Its Beta saloon, launched early in the 1970s, made many thousands of conquest sales but won an evil reputation in Britain for rust. This, however unfairly, is a cross Lancia still has to bear. Alfa Romeo was another famous Italian maker that blotted its copybook by adopting a never-mind-the-quality, feel-the-width approach with its Alfasud. It was a great little car to drive. Until, that is, the body began to fall apart.

That was years ago, though, and things have changed. Both firms, then independent, are now part of the vast Fiat organisation. Alfa has climbed out of the pit. In 1989, it sold 4,111 cars in

Britain, its best performance for five years. Now, Lancia is set fair to do the same. The Dedra is the car that brings Lancia back into serious contention with quality, medi-um-sized rivals like the BMW 3-Series, Volvo 440 and Audi 80. It really should not rust. Every body panel exposed to the weather is made from galvanised steel. It has a six-year cor-

rosion warranty.
The Dedra reaches the showrooms on March 1 and Lancia

expects to sell 2,000 in Britain before the year's end. I sam-pled several versions in Spain last year, including a turbo-diesel that won't be coming here, but the right-hand drive model has only just come my way.

I rate it a car that would please many a user-chooser who wants a company car that is just a bit out of the ordinary. Equally, it could appeal to mature motorists who no longer need (or wish to pay for) large luxury cars but like the feel of quality around them. The Dedra is a four-door saloon, a little wedge-shaped in

profile, with good head-room and a large boot. This extends, hatchback-style, when the asymmetrically-split rear seat back-rest is folded down. Three fuel-injected, four-cylinder engines, cross-mounted and driving the front wheels, are offered: a 90-horsepower,

two-litre developing 120 The two largest have twin balancer shafts for smooth running at high revolutions. All

1.6 litre; a 110 bhp, 1.8 litre; and

use unleaded petrol. The 2.0ie I drove sounded unfussed at a wholly unnecessary 6,000 rpm - unnecessary because the flat torque curve means it pulls hardest at 3,300 rpm. So you can scamper up winding hills in second and third, or take them soberly (but almost as briskly) in fourth or fifth.

Top speed is said to be 124 mph (200 kmh) in the 22 mph (35 kmh) per 1,000 rpm fifth gear. At the moment, there is only a manual transmission with a light clutch and silky shift, but a four-speed auto-matic (the same as Volkswagen uses in the Passat) will be an extra-cost option within the

The Dedra has Lancia's classical good looks with efficient aerodynamics. Wind noise at speed is minimal and its motorway thirst modest - the offi-cial 75 mph (120 kmh) consumption varies between 34 mpg (8.3 l/100 km) for the 2.0ie to 38.7 mpg (7.3 l/100 km) for

The 1.8- and two-litre models have power steering that lets you know what the front wheels are doing but takes all the effort out of parking. The ride is fairly firm.

If you fancy driving exuber-antly, the Dedra has the roadholding and handling to take good care of you. But ABS brakes are standard only on the costliest 2.0ie SE; they are

£895 extra on the others. The cheapest Dedra is the £10,695 1.6ie, although I would not want one because it lacks power steering. All the others 1.8ie is £11,635, the 1.8ie SE £12,665, the 2.0ie £13,300, and the 2.0ie SE (with ABS brakes) £15.395.

has alloy wheels, central lock-ing, height-adjustable steering

good taste. Everything matches. The instruments are

about the new car is its name. Dedra (it sounds better if you say day-dra in the Italian way)
- is a made-up word with some arcane geometrical sig-nificance. Will it, I asked, harm or help the car's prospects in the UK market?

"We believe the strengths of the car will outweigh any criti-cism of the name," said a man from Lancia, looking me straight in the eye. As it happens, I think he is

Even the entry model 1.6ie

column and driver's seat, electric front windows and heated, power-adjusted door mirrors. The interior epitomises quiet

plain and easy to read and there are warning lights The seats are shaped well

and the Dedra wears its touches of rosewood trim The most controversial thing

right. But what's in a name? Call it what you will, the Dedra is an agreeable and sensibly-

priced car that will add lustre to a distinguished old marque.

### Bid to clockers

CLOCKING - the practice of re-setting distance recorders to inflate a second-hand car's value by making it seem less-used than it really is has reached epidemic proportions in Britain,

according to Motor Trader, the bible of the business. For months, it has been campaigning for government action to defeat the practice. It says about 20 per cent of cars monitored by trading standards officers have been clocked. On average, 30,000 miles have been wiped off,

adding at least £750 to the car's market price. Andrew Brown, editor of the Trader, says the Consumer Guarantees Bill proposed by Martyn Jones MP should include measures to protect used car buyers "from the £100m-a-year clocking con." The Automobile Association and the Institute of Trading Administration have thrown their weight behind the

campaign.
Rolls Royce, however, has made certain that none of its cars is going to be clocked by a dishonest vendor. It has developed an electronic spy to keep track of the distance a vehicle has travelled and all production Rolls Royce and Bentley models, except for the handful of Phantom limousines, now are fitted with the device. Service staff

world-wide have been instructed how to operate it. Rolls Royce admits that the spy module could be by-passed if the part of the instrument cluster to which it is attached were replaced. "But we would know about it. These items are supplied only to authorised agents and they have to tell us the chassis number of the car," it said.

How can private buyers of a fairly young used car ensure they are not sold one that has been clocked? First, I would ask to see its full service history, with voucher book and garage receipts. If the I would ask for a written guarantee that the recorded mileage was genuine. If that was not forthcoming, I would look elsewhere.

S. M.

### Colour for the camellias

Deep reds and purples: Arthur Hellyer on hybrids with potential

CAMELLIAS have started to flower early this year and have enjoyed the generally mild and wet weather. But these are not wet weather. But these are not shrubs that enjoy having their roots submerged, and I am beginning to be concerned about the amount of water now in my soil and am doing what I can to get it moving away.

I rate camelias as outdoor, exceptions should not the

I rate camellias as outdoor, evergreen shrubs and, from the large stocks of young plants I sae in garden centres I conclude that plenty of other gardeness agree with me — but I suspect that a considerable percentage of these plants is seal their lives in containers or in conservatories for which they are equally well suited. Camellias have traditionally

best grown in containers since they were introduced from China more than 200 years ago. Until the 20th century, only Cognish and Channel Island gardeners seem to have thought seriously of them as outdoor plants. That is why, if you really want to see old



bushes at their magnificent best, you must visit old Cornish gardens such as those at Caerhays Castle, Trellisick, Tregrehan and Lanhydrock. W. J. Bean, an authority on such matters, belleves that it was the exceptionally severe and prolonged winter of 1928-29 that finally convinced British gardeners of the hardiness of Camellia japonica, the most widely grown kind. I remember that winter vividly, but not

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because it altered my opinion about the hardiness of camel-

lias. For me, conversion came 20 years later when I made several journeys to Cornwall and was introduced to the new hybrid varieties that were heing produced as a result of making crosses between old varieties and a little known Chinese species named C. salu-enensis.

Noone has ever explained to me what it was that made J.C. Williams at Caerhays in Corn-wall and Colonel Stephenson Clarke at Borde Hill in Sussex Clarke at Borde Hill in Sussex see possibilities in what at first sight appears a rather unspectacular plant. It has smaller leaves and flowers and thinner stems than those of C. japonica and probably a slightly lower level of hardiness. Maybe it was simply curiosity that led them to intarbreed the two species but, if so, they were hand-somely rewarded. Stephenson Clarke raised a seedling which he named Donation which is still-one of the best camelias still-one of the best camellias to buy. J. C. Williams produced one which he named after him-self and this is also outstand-

ingly lovely, though different.

Donation has large, fully double, deep pink flowers so fine and so humerous that there are those who call it blowsy. No one would dream of apply so rude an adjective to J. C. Williams, which is as delicate in shape and colour as a wild rose and free flowering.

Botanists did Williams the honour of naming the whole race of hybrids between C. japonica and C. saluenensis

after him which I suppose is hard luck on Colonel Stephen-son Clarke, but in those early years far more of the new varieties were coming from Cornwall than from Sussex. Since then there have been some notable successes in New Zea-land, Australia and America. What has made these hybrid Williamsii camellias so popular is their speed of growth, their pleasing habit - less stiff than that of the pure japonicas -

their reliability and the free-dom and the ease with which they rid themselves of their faded flowers. The varieties of C. japonica tend to cling to their flowers so that, unless laborious dead-heading is carried out, bushes can look decid-edly untidy as the flowering season advances. Faded flowers on the Williamsii hybrids are either blown off or can be brushed off easily by hand. They could still do with a master colour range strecially greater colour range, especially some really deep reds and purples, and also a greater range of flower shapes.

Other camellia species are grown and have been used for

hybridisation. Camellia reticulata was brought back from China in 1820 by an East Indian Company captain named Rawes. This was not the wild species, unknown until much later, but a Chinese variety which is known in the west as Captain Rawes. What it and others of its kind have to offer gardeners is great size of plant and flower, bushes up to 30 feet high, flowers six inches and more across. Unhappily all varieties are a little tender and so most suitable for sheltered woodland gardens or large conservato-

A fourth species, C. sasan-qua, is very popular in Japan where it grows wild, has also been much developed by gardeners. It has a fragile perfec-tion exceeding even that of the best Williamsii hybrids, but it flowers in autumn and winter. not a sensible time to be produ-cing rather flimsy flowers in

seems poised to play a part in producing new races of camel-lia. It is called C. chrysantha, makes a very big bush and has yellow, cup shaped flowers. It is also said to be tender though to what degree I do not know. I expect the yellow colour to attract the plant breeders. If it could be introduced to the other races, or with pink, red. purple or white flowers, it would open up the possibility not simply of yellow camellias but also of apricots, oranges, salmons and many more

"Horrible," I'm sure many will say. Maybe, but it is just what Pernet-Ducher did for roses almost exactly 100 years ago when he succeeded in crossing the Persian Yellow rose with a Hybrid Tea and opened the floodgates of colour. Some think that was a disaster, but look what it did

shades.

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### Succour for the spirit in Shropshire's splendid isolation

Peter Marsh finds charms old and new in a wild county which is proud of its self sufficiency

"COULD I have a cup of tea please?" The woman was boil-ing a kettle and it seemed a reasonable request. She did not oblige. Had she done so, she would have had to do the same for the several dozen other strangers who were clustering into the sitting room of her little house. That would have led to no end of problems.

Let me explain. The house was a mid-19th century cottage in the middle of an unusual outdoor museum in Shrop-shire. The idea of the Blists Hill Open Air Museum is to give visitors a realistic view of what life was like in the industrial West Midlands 150 years

ago.

Employees of the museum, like the lady with the kettle, wander around the site dressed in 19th century garb. They make candles, smoke pipes, operate machinery and give children rides on rustic swings.

great style and apparent enjoy-ment, although the rules clearly preclude them from making tea for visitors.

Blists Hill, near Ironbridge is spread over a large site close to the famous Iron Bridge across the Severn Gorge. It possesses a remarkable collection of artefacts including a mine, some blast furnaces, a saw mill, an abattoir, several

shops and part of a canal.

The Blists Hill collection is among the best museums I have visited, but is not really typical of Shropshire as a whole. It is in the east of the county, only 20 to 30 miles from the Wolverhampton-Birmingham conurbation, and the feeling of the place is unambig-uously urban. Much of the rest of the county, especially the area around Clum and Bishop's Castle in the south-west, is

They do these things with wild for a place which is never much more than an hour's drive from some of the most built-up parts of Britain.

One reason for Shropshire's relative isolation from the rest of England – spiritually, if not geographically – is the lack of good road links between it and the most populous parts of the country. With Wales to the west, the Cheshire plains to the north and rural Hereford-shire to the south, it is not on the way to anywhere very much. About the only people who pass through are those with a particular reason for

being there.
Shropshire has little industry besides farming; despite this, or perhaps because of it, it manages to convey a feeling of self sufficiency. One place which reflects this is Bishop's Castle, which is among the many attractive small towns in the county. It was laid out by



The world's first fron Bridge, built in 1779 over the River Severn at Ironbridge, Shropshire

the Normans in the 12th century on a planned basis, as is monstrated today by the rectilinear street patterns. The town has its own brewery, cattle market and fire service and boasts four churches and an excellent bookshop-cum-coffee house. The Normans' prime goal in

seeking to build up Bishop's Castle was probably defensive. They may have wanted to erect a sparkling new town — a medieval version of Milton Keynes – as a way to entice more people into the region and to strengthen it against the frequent incursions of the Welsh across the border a mere

Memories of the fighting between the two countries are underlined by the physical presence of Offa's Dyke, a barrier of piled soil which was built 1,200 years ago to seal off England from the barbarians on the other side. Today much of its outline can still be seen.

and some of the most interest ing parts of its 168 mile course are in Shropshire. The dyke is a well-trodden path for serious

If you tire of the dyke you can always try walking along the top of Long Mynd or the Stiperstones, two areas of craggy upland in the central

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part of Shropshire which offer magnificent views.

There are some good castles in the area, notably at Clun and Ludlow, and if you want an hour or two of complete rest and the day is warm then I suggest paying 75p to enter the suggest paying 75p to enter the gardens of the ruined priory at the pretty town of Much Wenlock. The gardeners have done wonderful things, and it is difficult to imagine a more peace-ful place in which to reflect on the 1,300 years which have passed since the priory was

After all this tranquillity, Shrewsbury, the county town, may appear a little too busting. On the day I was there, Shropshire's drivers had clearly felt the need to let off steam and were treating the steam and were treating the town's narrow roads as a race-track. Despite this, the green meadows by the river are worth a visit and there is a better-than-average craft market inside a converted church. ket inside a converted church

Accommodation: many
farms in Shropshire take in
guests for hed, breakfast and
evening meals. Some such
places, even if they appear satisfactory from the outside, can
turn out disasters because of
their owners' insistence on
being over-friendly, even to
the point of sharing meal
tahles. I can, however, recommend the magnificently isolated New House Farm near lated New House Farm near Clun (tel: 0588-638314), where you will find a warm welcome and good and inexpensive food. The farm dogs are also extremely pleasant. Bed and breakfast costs £12 and an

EBRUARY IS carnival time in Brazil, and Salvador on the north-east coast has the largest in the world. More than 500,000 peo-ple dance in the streets, though this ancient and beautiful city has something of a carnival atmosphere all through the

summer as well.
Lying 13 degrees south of the equator,
Salvador was founded by Portuguese settlers in 1501. From 1549 until 1763 it was the country's capital exporting brazilwood, sugar, diamonds and gold and bring-

ing in over 2m African slaves.

Today it is the capital of the state of Bahia and Brazil's most African city. It is also one of the most racially harmonious in the world with people living tolerantly together and combining a mixture of mysticism and Christianity in their own religion, in which African gods double up as Catholic saints.

It is useful to know one or two things before exploring Salvador. Few cars stop at traffic lights: the story goes that the lights were put up for Christmas one year and no-one remembered to take them down. There are at least three rates of exchange and the rates change every

### Come to the carnival, all year long

Angela Wigglesworth sambas her way through the old Brazilian town of Salvador

morning; the best place to do the exchanging is in a certain funeral parlour where plastic wreaths with pink, green and yel-low plastic flowers hang on the walls above propped-up brown wood coffins.

Salvador is a split-level city, the lower and upper parts connected by a 72 metrehigh lift that can take 118 people up or down in just a few minutes. At the top are the administrative buildings, the large colonial houses and the richly-decorated 18th century Baroque churches; at sea level are the docks, shops, banks, a bustling craft market in the old Custom's House at the water's edge, and forts that were built to repel French and Dutch

The white beaches stretch for miles. It was on one of these beside our hotel that on our first day, a national holiday, the whole place seemed to be dancing the samba and lambada, eating acarajas (crushed beans cooked in palm oil) and drinking milky coconut water straight from the coconu

Salvador is full of music and relaxed people. We strolled down cobbled streets where white lace, bright dresses, pictures and tapestries hung outside tiny dark doorways; where shoe cleaners cleaned shoes and African shop assistants were flouncy off-the-shoulder dresses and lacked as the shoulder dresses and looked as though they were going to a party. In one of the squares, an entrepreneurial photographer was promising six photos in 10 minutes and developing them

up the sleeve of an old orange jacket.
One of the most richly decorated Baroque churches in the world is to be found here: the Church of St Francis, built of stone brought from Portugal; everything inside it is breathtakingly encrusted

with gold leaf. Here, on Tuesdays, beans and rice are given to the poor, for it is a Franciscan Order and in the vestibule outside are hand-painted blue and white Por-tuguese tiles showing scenes from the life of St Francis. Only men can visit the adjoining monastery; women get a glimpse of the courtyard from a window. Nearby are pretty pink, blue and yellow 18th century colonial houses with wrought-iron balconies and red tiled roofs in what is the oldest part of Salvador, a place where

Slaves were once publicly punished.

You can learn much about the local religion by visiting the little Museu da Cidade with its models in hooped and brightly-coloured silky dresses, helmet crowns on their heads and armour in their hands representing the gods of creation with African and Catholic saints' names. Their expressions might look frivolous,

explained our guide, Conor O'Sullivan, who has lived in Salvador for four years, but they are deadly serious.

Visitors can see a religious ceremony which has music and dancing as part of the service and lasts about two to three hours. You can see a capoeiras on any street corner. This is a kind of fight/dance brought to Brazil by slaves; not allowed by their masters to fight, they disguised their tussles by energetic "dancing" to the music of the one-stringed berimbau.

The easiest way to see the outlying areas - and it is not expensive - is to hire a taxi with an English-speaking driver. One day we took the coast road north alongside the endless white beach an area where you are not allowed to build a house higher than a coconut tree - to see the national surfing championships. A few minutes from the beach we found the

attractive Hotel Quatro Rodas and had lunch on a shady terrace overlooking a lake. If you do not want to be in the centre of Salvador this could be a delightful place to stay.

The food was delicious. We ate super

fish in beachside cafes and at one of the hotel restaurants tried feijoadas, a stew-like mixture of black beans, beef, dried and smoked meat, pig's trotters and ears, hacon, green cabbage and oranges. It was a great deal nicer than it sounds. I asked Conor O'Sullivan what kept him

in Salvador. "It's very different from any other city in Brazil," he said. "The African influence permeates the whole society: its religion, food, dance and music. And the people live harmoniously together with a smile on their faces that isn't put on. It's

genuine. They are very open people."

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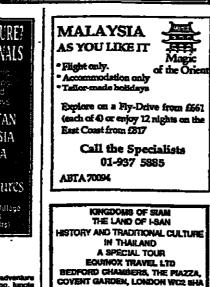
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### Turks ready to blitz the salerooms

Antony Thorncroft thinks patriotism may aid auctions

OTHEBY'S in London cases gently into 1990 on Thursday with a sale of topographical views. This market is an attractive little backwater, which tells you more about the global economy than the reputation of particular artists.
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perous, and allows its citizens to take money out, topographical views of their homeland are among the first antiques that they buy. The latest buying force in the saleroom (along with Spaniards buying 19th century Spanish pictures and the Taiwanese buying jades) are the Turks and they could snap up many of the up lots

next week. Sotheby's is well supplied with attractive material to suit them, notably a collection of 22 views of the Ottoman Empire painted in watercolour by Luigi Mayer in the late 18th century. Mayer was the tame artist of the British Ambassador at the Supreme Porte, Sir Robert Ainslie, and travelled widely. Hils work is best known from a series of aqualints pub-lished in England after 1800 but these are the originals. They present a fascinating glimpse of life in Constantinople and its possessions, with

prices, for a group of five, stretching up to £15,000. The Turks are happy to buyviews of lands they once ruled and might well bid for "Turks smoking, with Athens beyond" perhaps painted by George Jones in the early 19th century and estimated at up to £35,000. The most expensive lot in the auction also shows Athens. It is by Richard Bankes Harraden, more famous for his views of Cambridge. This large can-vas could sell for £50,000.

Early views of Australia are always popular and it is a pity that Alan Bond, who has a fine collection of Australian art, is currently a seller rather than a buyer. Two views by Frederick Garling of the Swan River in Western Australia, painted in 1827 when he accompanied the explorer Captain James Stirling, each priced at around £7,000, would appeal to him. There are also some good early

bourne in the auction.

When a country hits a reces sion, its topography falls in price: vendors try not to sell their collections. So currently there is not much from Brazil, or New Zealand. But what there is can be cheap. There is an exotic view of a planter with native servants, painted in 1829 by Georg Opis. The fact that he never visited the West Indies does not spoil its charm. Most views return home but there must be crossed fingers at Sotheby's about certain lots, notably two portraits by Rug-endas, the leading artist of his day (around 1840) working in Chile, and a portrait by Raden Saleh, which if it reaches its top estimate of £20,000, must surely set a record for a paint-

ONHAMS HAS cornered the market in topical sales, selling boat pictures to coincide with Cowes and the Earls Court Boat Show, paintings of fat cattle at Smithfield time and of dogs around Crufts

ing by a 19th century indone-

On Monday morning, and evening, Dogs in Art come under the hammer and hundreds of prospective buyers, who never visit an auction for the rest of the year, will be



best - spaniels on a cushion; Scottles on a stool; someone's favourite peke - and pupples, but there is usually a breed for everyone, from Great Danes to Norwich terriers. Unlike most sales, Bonhams believes it gets its estimates right so saleroom virgins are not disappointed when the bidding far exceeds the catalogue forecast.

Most of the paintings come from the late 19th and early 20th centuries and are appreci ated more by dog fanciers than by art connoisseurs, although there are a few minor masterpieces, like the Landseer study of the head of a collie, and some of the Wardles.

The dogs will mainly stay in the UK, but the Americans, and now the Japanese, seeking portraits of toy breeds, are HE STAMP market is

slowly emerging from its long sleep. In the late 1970s stamps became a speculative commodity, like silver or sngar, rather than an art form, like impressionists and Chinese ceramics, (although these are not without their investment buyers). Come the Grash, early in 1960, thousands of stamp owners who had only acquired their collections because they believed history when it said that stamps were a solid, appreciating, asset, were left with fast depreciating pieces of

paper.
The fact is that only the rarest of classic stamps are a sound investment. In the last forty years virtually every country has issued too many country has issued too many stamps to make them scarce (apart from errors). Only now are stamps bought a decade ago worth what their owners paid for them — forget inflation: but in the last twelve months the serious stamp mar-ket has become noticeably

It was a pity that the most important philatelic item of 1989, a Mauritius envelope bearing two of the very rare 1850 penny reds, failed to find a buyer at more than £1m at Christle's in Zurich in Novem-ber: apparently the biggest collector of Mauritius was not interested (although there are

now hopes of a private sale).
But this apart, demand has grown appreciably. Stanley Gibbons, the catalogue publisher, a major force in the is higher than usual with works by such famous doggle painters as Landseer, Arthur market, reports that for the Wardle and John Emms com-peting with primitive canvases first time in years some prices listed in its guides are being of the early 19th century and exceeded at auction. the daubs of amateur dog fan-

COLLECTING

Since auction prices are usually around 60 per cent of retail levels this is some improvement. In their turn, higher values unfreeze locked up collections, enabling Gibbons to double its success. double its auctions, to £16, this

Christie's, with its Robson Lowe subsidiary, has become the major stamp auctioneer, with regular sales in London, New York and Zurich. Its records show how the market is improving. Among British stamps, the Postal Union Congress issue of 1939 became attractive to speculators, who pushed its price up to £2,000 for an item in good condition in 1979. A year later it was worth around £300. Last year Christie's sold one for £400. Another speculative stamp was the 1913 £1 Seahorse, selling for £2,500 in 1979; £400 in 1980; and now fetching at auction around

Stamps with a collecting as well as an investing attraction, such as the Penny Black, survived the storm better. A block of four Penny Blacks might have moved from a peak approaching £10,000, to a depth of £4,250 in 1980, and could now be acquired for £7,500.

The rarest stamps show perhaps a 10 per cent appreciation this year. Recent material is out of favour, and good but not scarce stock is in average demand. In the autumn Christie's secured \$1.1m in New York for the centre-inverted 1918 International Airmail 1918 International Airmail block of four. The price was well above the \$800,000 high estimate and was a record for a philatelic item. It was bought by a Texan who is the most popular visitor to any auction house or dealer — he is building up a collection of the most expensive items of their kind.

The Airmail block, like the

The Airmail block, like the Mauritius penny reds, came from the collection of the Weill Brothers, dealers from New Orleans. They are selling off some of the finest and rarest stamps ever gathered together. In the Zurich sale their British Guiana 2c "Cotton reel" pair on cover made £230,000. This has brought out another "Cotton Reel" rain the third is in ton Reel" pair (the third is in the Royal Collection) at Stan-ley Gibbons in May. It hopes

for an equivalent price.

May will be the crucial month, London is playing host to the serious philatelic world, celebrating en masse 150 years of postage stamps. There will be the great competitions, with gold medals for the owners of the finest collections in partic-ular fields. This is what the big players are working towards

and it can end in an anti-cli-max. Once you own the finest, the most complete collection possible, of a country's postal history, there is nothing else to do but dispose of it. This is the situation with the Japanese who has spent the past fifteen years accumulating the best American collection. It is rumoured to be on the market

at up to \$20m. He is unusual in not collecting the stamps of his native land. That is the pattern, although the British are diversifying into Commonwealth seem out of favour at the moment as do Australian 19th century). One region attracting considerable interest is Eastern Europe: rare stamps issued by Russia and adjacent countries, frozen inside unknown collections for years, might soon come on the market, and in time there could well be an increase in buyers from the

But the country which has really excited the philatelic world has been China. Its stamps are keenly collected by Hong Kong Chinese (they obvi-ously make ideal portable treasure troves if a crisis forces a speedy escape) but also by the Taiwanese, who only recently have been able to get capital out of their country. As a Candarin of 1878, the first stamp issued by China, has risen in price at auction from 2600 in 1984 to 26,000 five years later while the rare 1897 revenue stamp, surcharged with a small dollar, of which only a hundred were issued, was changing hands for £32,000 in 1983 and for £115,000 last year.

Here speculation is meeting rarity in happy harmony.

Phillips has become a major auction force in the stamp world, and Sotheby's and traditional specialists like Harmers, and Hapsburg Feldman, are also major participants in a trade which has become domi-nated by the salerooms. The number of important dealers in the UK has slumped from around 700 to nearer 50 in the past decade but keen collectors are confident enough to bid against them at auction.

THE GLITTERING place to be in London this weekend is undoubtedly the Park Lane Hotel in Piccadilly which is hosting the annual interna-tional Silver and Jewellery Fair, now a successful fixture in the antiques calendar. What lifts this fair out of the merely mercenary are the lectures by experts, and the exhibition.

At the last moment the organisers have got bold of the early 18th century Chesterfield wine coolers, just saved for the nation thanks to a £750,000 appeal. Also on display is Napoleon's silver gilt table service, or rather, half of it. The 119 Items include the punch bowl, double salts, and service plates, and are usually in the care of the National Museum of Scotland in Edinburgh.

Today's lectures consist of "Fabulous fakes; jewels of fan-tasy and fashion" by Vivienne er, the leading expert on fashion jewellery; Ole Krog on Danish royal silver of the 18th century; and Phillipa Glanville on the royal plate of the Tudors and early Stuarts. Before the Fair ends on Monday evening, enthusiasts can be satiated with specialist knowledge on 19th century miniature glass mosaic jewel-lery; silver and gold in Vanitas still-lifes, and more.

If you must buy, there are unusual items on the stand of the fair's main newcomer Timothy Schroder, a gamekeeper turned poacher. He was cura-tor of the Los Angeles County Museum before setting up in London as a dealer. He goes for works of art rather than for ornate silver objects and among his exhibits are an nturv Germa glass holder in the form of a kneeling silver gilt soldier, priced at £75,000.

The prize for bad taste must go to a silver perfume spray in the shape of a begging terrier. Squeeze between his ears and the perfume spurts from between his legs. It was made in London in 1876 and is offered by Brian Beet. A more acceptable Valentine's Day present might be an oriental pearl and pink topaz brooch, or pendant, made around 1840 in

the shape of a heart. Hancocks is selling it for £1,850. In contrast very grand, very expensive, items of silver will be on the stands of the big names — Asprey, Garrard, ADC Heritage, and Koopman, which is offering, for a six figure sum, a George III two handled soup tureen made in Lon-don in 1772 by Thomas Pitts, and enhanced by escutcheons.

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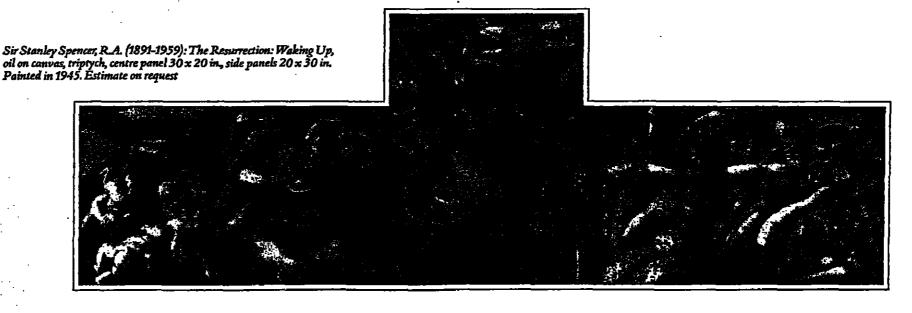
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AST OCTOBER I had lunch at La Réverbère, a two star Michelin restaurant in Narbonne. My main course, a tournedos of hare, was so raw that I could not cut it. When I asked the waiter to take it back to the kitchen he was reluctant to do so, muttering that this was how the chef cooked it. I persisted, the dish went away and returned five minutes later.

Rather than being recooked and put on a clean plate with a fresh garnish, the plate had been thrown under the grill; the meat could be cut but the sauce was bubbling, the plate untouchable and a mess. I left more

Although only five tables were occupied, neither the maitre d' nor the chef came to our table, but the lunch was, ostensibly, a treat for my mother-in-law and I did not want to make a fuss. When I came home, how-ever, I wrote to the chef/proprietor in French, explaining my special interest in restaurants, and asking him for an explanation. I received no reply.

This tale is particularly relevant with the publication last week of the

1990 Michelin Guide for Great Britain

and Ireland (£8.75).

There are now 512 Michelin starred restaurants in France, 82 in Germany, 135 in the Benelux countries, and 105 and 100 in Italy and Spain respectively, but only 34 in the UK. Should there be more? Not, in my opinion, if they are going to behave like the chef at La Réverbère. Nor do I think the new Michelin offers a true guide to the best that this country can offer. The first Michelin guide to the UK

appeared in 1974 and although there are now many more guides, it still retains its pre-eminence. This is largely because it tries to adhere to the principles laid down by Michelin France and has consequently won the approval of the top chefs here who are either French or cooking French food.

This pre-eminence has been cultivated by a policy of secrecy. Although the name of the chief inspector, Derek Brown, is known to many, his face is not and the rest of his team remains unknown. Even when Michelin invited me to their press launch last week they would not say until the day before where it was going to be held. However, Marco Pierre White at Harveys in London did not remain silent and word was out two weeks before his "elevation."

Whatever advantages these policies brought, they no longer serve the con-sumer. The emphasis on all things French has not only meant that Michelin is not "au courant" in countries where the cooking is undoubtedly good but that it also tends to ignore good but that it also tends to ignore good restaurants on the grounds that they are outside its ken. This applies in particular to those whose cooking is from another culture, like the Japanese, Chinese and Thai in the UK which can offer very good value. And behind the famous symbols there is no educed to another symbols there is no advice, no encouragement to an aspiring chef or even to an interested

However, Michelin has remained different from the other guides – and quintessentially French – because it has always stressed the importance of one particular quality in its starred chefs: consistency.

Is the Michelin guide the. ultimate authority on good food? Nicholas Lander doesn't think so

To Michelin, quite correctly, a top chef must be able to cook consistently well, day in and day out and over a wen, tay in and tay out and over a number of years, to achieve its recog-nition. When Paul Bocuse was awarded the Legion d'Honneur by President Giscard d'Estaing he said that he had been awarded it for life, but his three Michelin stars he would

still have to work to keep! This year, Michelin seems to have abandoned this tenet. It may be an attempt to make itself more fashionable but in, for example, giving La Tante Claire in Royal Hospital Road, SW3 (01-352-6045) and Harveys in Wandsworth SW17 (01-672-0114) the same two star rating, it has destroyed

great deal of its credibility. For the past nine months the gossip on the culinary grapevine was that Pierre Koffman, chef/proprietor of La Tante Claire for the past 10 years, would finally get his third star. Trained under the Roux brothers, he has consistently proched the transfer. has consistently cooked the type of food that would please diners, fellow chefs and inspectors alike.

Bourgeois in origin and rooted in his native south west France, he has developed a corps of dishes on which

lems on two fronts: the provi-sion for the merchants of ade-

material - grapes - and

maintaining quality when too much cheap, inferior cham-pagne is being sold. There is also the growing competition

from other sparkling wines

The quantity problem is very

much to the fore just now

because a new six-year con-

tract for the supply of grapes is

being negotiated between about 100 grower-merchants and 19,000 growers, of whom

their own labels. The mer-

chants, who own no more than

11 per cent of the vineyards

(some have none at all), depend crucially on this agree-

ment being signed by mid-March, and they are backed by

the growers' syndicate.
However, in spite of the extraordinarily high price of grapes compared with elsewhere in the French wine regions — up nearly Ffr3 last year to Ffr27 a kilo for wines from the 100 per cent com-

from the 100 per cent com-munes on the Montagne de

Reims and the Côtes des Blanc

- it is more profitable for an energetic grower to sell direct

under his own label or to sell

throughout the world.

quate quantities of the ray

turning point in the history of still wine (vin clair) or in bottle champagne." Such a startling (vin sur latte) to eager mersent men transfer the prob-

he has steadily built. His talent in picking the very best produce on offer, long recognised by his suppli-

ers, has been a great advantage.

A recent meal started with one of his most striking dishes, white scallops sauteed and served on black squid ink. Next, to compare like with like, I ordered hare. What arrived was like, I cruered hare. What arrived was delicious. The fillet, roasted a perfect pink, the thigh shredded and cooked a deep brown, both surrounded by wild mushrooms, cabbage sauteed with cream and smoked bacon and served with a small sideplate of vegetables. Both dished professionalism as did the polished professionalism, as did the service. Small criticisms persist – the service. Small criticisms persist — the glassware, the unrelievedly French wine list and the policy of leaving the service charge blank if you pay by credit card — but in terms of the food and the service it was far superior, not only to La Réverbère but also to

Harveys.

Since he opened barely four years ago, Harvey's chef Marco Pierre White has pleased and upset many — customers, fellow chefs and even TV viewers affronted by his locks. Michael him more objectively elin would judge him more objectively on his culinary skills and his staff's ability to look after their customers, but on the night we ate there both were disappointing.

All the staff are young, under 30, but the two managers seem more keen to boss their waiters around than to smile on their customers. Nor was this cold hearted but perfect serwas this coin hearten but periest service. Our first courses went to the wrong table, our main courses were served the wrong way round, waiters stretched across us from both sides.

My wife left over half her main course but the maitre d' did not bother to ask why. The reasons were fairly basic; it had been served with a quite different sauce from that speci-

fied on the menu and with the same noodles as her excellent first course. The kitchen was in no better form. By 9.30 it had already run out of two of its 10 main courses, but had substituted neither. My first course, a navarin of fish, had been poached in a rather bland fish stock and the mustard sauce with the turbot that followed lacked flavour. My wife's confit of salmon, ostensibly poached with goose fat, did not have the robustness this type of cooking should evoke. It must remain a mystery as to how and why Michelin has given these two

Champagne faces a crisis

Edmund Penning-Rowsell outlines the industry's problems



ery different chefs the same rating. Although the first star for Bruno Loubet at the Inn on the Park is his just reward, two equally surprising "elevations" are a first star for Cava-liers' SW8 and a Red M, indicating

larly those with substantial sales abroad (in all, one-third

of total sales) who make and

maintain the reputation of champagne in a world increas-ingly well-supplied with spar-

kling wine at much lower.

prices. Without their uncessing promotion, the outlook for

champagne would be dubious. The "sweeteners," combined

with other inducements

(including a prime d'engage-

ment for contracted growers, and a not-unlikely top grape price of Fir30 a kilo for this

year's vintage) are bound to lead to a sharp increase in champagne prices, not least in the supermarkets. However,

the buyer's own-brand compa-nies, responsible for selling about 20m bottles a year, will

fight bard to maintain their

share of the market, particu-larly in Britain. They may well

think it worth-while to pay an

extra Ffr15 a bottle for vin sur

latte so long as it gives them access to a greater share of the

vintage.

Will the heavily-promoted operation for the signature of the new contract by March 15 succeed? Broadly, it will; for, without a contract, prices of

the grapes at the next couple of

vintage would probably be very high, followed by a severe decline as champagne sales

fell. But the parameters are

good value, for Keat's in NW3.

There is little other than telephone numbers in this Guide for anyone curious about the wide range of interesting restaurants in the UK. The only encouragement it does offer is to the editors of the other food guides who must now capitalise on Michel-in's serious lack of judgment. m's serious lack of Judgment.

■ My wife the wine writer Jancis Robinson and I would like to entertain six Weekend FT readers to dinner at our London home. Jancis will choose the wines, including Dom Perignon 1982, Bonneau de Martray Corton Charlemagne 1979, Chaleau Lafite 1979 from

magnum and a venerable Sauternes, Chateau Coutet 1926, and I will cook a

The six places will go to those willing to make the largest donation to the Crohn's Disease Research Fund to build on a recent research breakthrough made at the Royal Free Hospital, Hampstead, London. This incommon debilitating disease is an inflammatory condition of the lower

The dinner will be held on either Saturday March 17 or 31. Please send a cheque payable to the Crohn's Dis-ease Research Fund or a written bid stating how many places the bid is for and specifying if either date is inconve-nient to Nicholas Lander, Financial Times, One Southwark Bridge, London SE1 9HL

narrow. The last contract pro-vided the merchants with 49 per cent of the crop but the maximum in the life of these contracts, initiated in 1959, has

been 52 per cent. So, an increase of I or 2 per cent would have a considerable

Meanwhile, although Nature,

generous in the past few years,

has the last word, an increase in petential production is being made possible by new plant-

made possible by new plant-ings of about 300 ha a year.

The total planted is now 29,000 ha, with 27,000 ha in produc-

tion, and a ceiling of 30,000 ha is likely to be in full produc-tion in about four years' time

are always vineyards ploughed up awaiting re-planting with young vines. In the foreseeable

future, a further increase in

the total authorised vineyard area will not extend beyond

the geographical limits fixed in 1927 (although it might take-in land inside these but not

authorised in the very different

conditions when annual sales

of champagne were around 30m bottles a year).

There are pockets of very suitable land for vineyard planting but this will be a far-

from-easy operation, involving enormous re-valuation (that must be spread out fairly

among the growers) and a firm

stipulation that most of the new production goes to the merchants. One piece of emi-nently plantable land that is,

however, unlikely to change use is the Hautvillers football

ground, said to be potentially the most valuable in the world.

### The meat of the matter

stores, boutiques and shop-less enterprising small producers are all at it. Do you want wallna-pers, clothes, Christmas cards, freezer bags, gardening tools, wines or what? You name it and someone, somewhere can take your order by telephone or post for delivery to your home by carrier. Browsing

home by carrier. Browsing through catalogues, not browsing through shops, now seems to be the smart way to buy.

After all very few small country towns, let alone villages, can now boast a good butcher, a good baker AND a good greengrocer. I have to drive quite some miles in order to find farm eggs, fish, meat and breads that are really worth eating — and this is typworth eating — and this is typical for many rural shoppers.

Shopping by telephone and by post is clearly the answer for today's country gent stranged sans butcher. I can't typich for the horne delivery vouch for the home delivery service of bakers or candlestick makers but Anne Petch of Heal Farm\* produces superlative meats and will deliver to your doorstep swiftly and effi-ciently, no matter how far you may be from the centre of civil-isation; and where she led the way, other farmers of real meats have followed.

Buying meat this way is not cheap. Top quality never is, nor is home delivery by over-night carrier, but the prices will seem less steep if you order quite a lot at one time, maybe clubbing together with friends so that the carriage costs can be shared.

Like many people I eat far less meat now than once I did. I mind about quality more than ever, and I despair of the increasing awfulness of so much meat on sale. By buying from a company like Heal Farm meat-eating has become a delicious pleasure again.

a delicious pleasure again. The meat comes from traditional breeds chosen for their good eating qualities. The animals have been reared naturally, well fed and well looked after, not subjected to intensive farming methods. Proper care is taken in slaughtering and butchery. The carcass and butchery. The carcasses are properly hung and the cured meats are cured in traditional ways, without artificial colourings or water retainers. The proof is there in the eating and I am willing to pay a premium price accordingly.

Anne Porch has farmed rune.

Anne Petch has farmed rare breeds of pigs at Heal Farm for haired Tamworths, Gloucester Old Spots and other old breeds noted for flavour, a proper ratio of fat to lean and skin that roasts to a crackle of gold. The flavour and texture of her hams, coarse-cut sausages and bacon make old men weep with

Heal Farm's own pigs are now supplemented by rare breeds, or rare breed first crosses, supplied by other farmers rearing animals spe-cially for Anne Petch to her specifications. There is beef (Devon Red Rubies) which is hung for at least three weeks, conventional and primitive breeds of lamb, and venison from park-reared fallow deer. A fine range of pates, brawns and salamis is also available and special recipe packs which change quarterly. Current offerings include pieces of North Ronaldsay lamb (a small seaweed-eating lamb from the Orkneys with fine grained, almost gamey meat) in an olive oil, wine and berb marinade ready to casserole.

The Pure Meat Company,\* also located in Devon, is only three years old but fast winning friends. Founder Jona-than Blackburn and fellowfarmers in the group rear their animals under the guidelines of The Guild of Conservation, which Blackburn regards as setting the right standards for the realistic alternative to

organic farming.
The Pure Meat Company's fresh pork, bacon, hams and sausages all come from tradisausages all come from tradi-tional breeds of pig, such as Berkshire and Gloucester Old Spot, or from Wild Blue (a cross between wild boar and domestic pig). They will make up special sausages, by arrangement, for customers who suffer from allergies – to wheat or to whey, for example.

who sales from anexages wheat or to whey, for example.
The beef is hung for at least two weeks; lamb comes mostly from mountain breeds. Chickens, ducks and turkeys are all free range; geese are available at Michaelmas and Christmas. Recipe packs are popular and, following a Christmas success, one of the current specialities is a Three Bird Roast, the birds being boned out and packed one inside the other. Greenway Organic Farms\* is

a young, vigorous newcomer to the world of home delivery service. Director Stewart McKenna is a passionate. believer in the virtues of organic farming and hopes that the company will have its own flagship butchers shop(s) north of the border before long. The company sells only organically raised meats. Scottish beef (Angus cross) and lamb are the specialities; both are well hung. Greenway will also sup-ply customers with fresh, vacuum-packed,free-range, organically grown chickens, guinea fowl and Barbary duck imported direct from farmers in south Vendee in France. Organically grown turkey and goose are also available at

The availability of fine quality meats enables the cook to serve - maybe for the first time in years - some of the simplest and best foods in the world. I mean things like plain grilled or pan-seared chops and steaks. Such unfussy cooking shows off the meats to the maximum and it has the added

advantage of calling for mini-mum effort by the cook.

Pork chops with fennel
and orange

This made a very welcome appearance at our table recently. Marinate the chops briefly in the juice and zest of an orange, with a splash of olive oil, a few crushed fennel seeds and a good grinding of black pepper. Cook the chops under a very hot grill for a minute or so on each side to seal the meat, then grill very gently indeed for a further 8-9 minutes on each side until cooked through. Or use a

ridged cast-iron grill pan for cooking the meat. Serve the chops on a buttery, peppery, slightly sloppy potato pures, and have a salad of Flor-entine fennel, to sted walnuts and blood oranges on the side. \*For further details, price lists and orders, contact the

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companies direct Heal Farm, (farm shop and home deliveries by overnight carrier) Kings Nympton, Umberleigh, Devon EX37 9TB. Tel: 07695-2077 and 4341.

The Real Meat Company (butchers shops in Taunton and Moreton Hampstead, and home deliveries by overnight carrier) Moreton Hampstead, Devon. Tel: 0647-40321. Greenway Organic Farms (nome deliveries by special carrier) Freepost, Edinburgh EH1 DAO, Tel: 021.522 011. 0AQ. Tel: 031-557-8111.

Philippa Davenport

#### HAMPAGNE IS promoted very much as the wine of success. Drinking it, more often than not, is a symbol of celebration. The Champenois might be thought to have good cause for celebration, too, for last year they were unexpectedly fortimate.

After selling in 1988 more than they produced in that year, they missed narrowly a when, near the end of April, a severe frost affected 20 to 25 per cent of the vinevard region. Then, during the flowering of the vines in June, there was an exceptional amount of rain which resulted in extensive coulure (failure of the flowers to set). However, the produc-tive vines delivered a heavy crop that was picked early and amounted to the equivalent of about 235m bottles - 11m more than in 1988. Sales were still rising, though, and were

8m up for the first six months. Nevertheless, due to an exceptionally fine, warm autumn, the unripe grapes left (as always) on the vines ripened and were picked almost until the end of October. This extraordinary second crop pro-duced another 40m bottles, giv-ing a total equal to 275m bot-tles compared with total sales of 251m bottles (as against 237m - up 6 per cent - in 1988). Moreover, 1989 is certain to turn out to be a fine, proba-

bly outstanding, vintage year. Despite this, a sense of crisis permeates the industry; indeed, one well-known producer says: "This could be a BRITAIN'S grandmasters have had some of their best results in the Netherlands where tournaments are sponsored generously, organised well and reported prominently in the media. Nigel Short won at Wijk ann Zee and Tony Miles took first place at Tilburg when still representing England. This

Nunn made his effort late. overhauling early leaders Short and Korchnoi after they had setbacks - including losses to the bottom player. At

year, the annual Wijk event, backed as usual by the Hoogov-

ens steel company, was a sur-prising and welcome success

for John Nunn, the 1980 British

### could achieve in this way increased their share of the fol-lowing vintages. This assisted the merchants greatly in the

vin clair or vin sur latte.

the end, he had a narrow but clear margin over an eminent field: Nunn 8/13; Andersson and Portisch 7%; Dlugy, Gurevich and Petursson 7; Anand, Dokhoian, Korchnol and Short 6%; and four Dutchmen in the rear. It did not quite match Num's gold medal result at the 1984 olympics but followed his strong performance in the World Cup, where he was among the six to qualify for the next series of super-tourna-

Nigel Short has had endured a sequence of frustrating

220

180

660

165

240

1978 Ch. Talbot

1979 Ch. Cheval Blanc

1982 Ch. Branaire-Ducru

results in recent months, and his occasional lapses against weaker opposition again proved critical. He lost to two of the Dutch players which,

to Linares in Spain where another super-tournament is planned to test Gary Kasparov and his all-time peak of 2,800 rating points. If Kasparov wins again it will be a tribute to his personal resilience, coming so soon after his hasty flight to Baku to rescue his Armenian friends and relatives from the

Nunn's victory at Wijk stole the honours (for once) from the Polgar sisters, who all competed in a second GM tournament without achieving any dramatic further advance. The youngest sister, Judit, 18, again made her mark with this week's game and its truly orig-

inal concept. Tal, Fischer, Keres and many later players have based sacrificial attacks against the Sicilian Defence by giving up knights or bishops at d5 or e6, but Judit injects decisive impetus into her assault by giving up her bishop at d4 - nor-mally one of White's key attacking pieces. Her ensuing build-up is almost leisurely and culminates in a tactic at move

Nx14 Ni6 5 Nc3 d6 6 Bc4 Qb6 7 Nb3 e6 8 Be3 Qc7 9 f4 a6 10 Bd3 b5 11 Qf3 Bb7 12 O-0 Be7

is derived from early Fischer games of the 1950s and 1960s, with later refinements. But Judit's last move, although it turns out well, looks oddly irrelevent compared with the normal 13 Qb3 or Rael.

13 ... b4 14 Ne2 Na5. In view of what follows, a better strategy might be 14 ... 0-0 15 g4 d5 16 e5 Ne4, offering

A spectacular, yet logical, idea: if 20 fxe5 or 20 Be3 exf4 Black controls e5 and stands

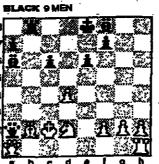
Here, gxf8 loses to 22 e5, so Black tries to give back the bishop while Judit ignores it and masses her entire army for attack 22 Rf4 Rfe8 23 Rh4 h6 94 Ng3 Qd8 25 Rf1 Bf8 26 Nf5 Re6

27 Rf2 d5 28 Rg2 Ng6 29 fxg71

The artistic climax of Judit's brilliancy is a double rook sac-rifice. If now Nxh4 30 gxh6 Nxg2 31 h7 mate. 29 ... Bxg7 30 Nxg7 Kxg7 31 Qxh6+ Kg8 32 e5 15 33 gxf6

Resigns.
Readers who have a book with Fischer's well-known Game of the Century against Donald Byrne, played at almost cractly the same age (13%) as Judit is now, will find it interesting to compare the two for artistic impression. It's a close race, but my vote is for Polgar.

PROBLEM No. 809



WHITE 9 MEN

I. Johansson v. Z. Nilsson (Amsterdam chess olympics 1954). Material is level; and although White's king is exposed, he hopes for an exchange of queens with good prospects of a draw. What should Black (to move) play

Solution Page XXI Leonard Barden

### MY FIRST hand comes from

AKQJ1075 Q 10 9 6 \$ J 10 8 5 3 9764 9863 QJ2 4 K75 S KQ2 V42 K86543

With neither side vulnerable, West dealt and passed. My partner in the North seat opened the bidding with two hearts. With my excellent hand I had visions of a slam, and replied with three diamonds. North re-bid three spades --four hearts to show the solid suit is better - and I said four clubs. North said five clubs and I said six no-trumps, rather than six hearts, to pro-tect my diamond king. West led the seven of spades. There were 11 tricks for the

taking and the 12th could come from the club finesse or from finding the diamond are with East. Most declarers in six no-

trumps rely on the club finesse, losing to the king, and the diamond return puts the contract down. I regret to say that I did the same. Later, I realised that the best

### BRIDGE

play at trick two is to lead dummy's diamond 10 and, if East plays low, put up the king. As the cards lie, the king wins and the slam is delivered. Suppose the king loses to West, you say - you're fin-ished. Not really.

ished. Not really.

If West has the ace without the queen, he will assume that the king is a false card from a suit headed by the king and queen and will switch. Then, you will be able to try the club finesse later. You have given yourself two chances instead of one.

Six hearts is defeated by the lead of a club or the diamond ace, but succeeds if a spade is The next hand is from rubber bridge:

→ K Q 8 6 ♥ 10 9 6 2 → A K 10 6 → K \$\frac{4}{\psi K753}\$\$\frac{4}{\psi J84}\$\$\frac{4}{\psi J954}\$\$\frac{4}{\psi J954}\$\$\frac{4}{\psi J954}\$\$\frac{4}{\psi J10973}\$\$\frac{4}{\psi Q82}\$\$\frac{4}{\psi Q4}\$\$

South dealt at game-all and opened with one spade. North aid three diamonds and raised South's re-bid of three spades to four. South bid five hearts Blackwood gets him

nowhere - and North jumped to six spades.

West led a spade and declarer cashed two rounds

with king and ace. He crossed to the diamond ace and followed with queen and king but the suit, unkindly, did not

After ruffing dummy's last diamond, he played not the club four but the queen. West won and, taken in by the false card and terrified of giving the ruff discard, switched to a low heart. The slam was made. East, justifiably, was upset. His partner had failed to do his

SUMS. He knows that the declarer has six spades and three dia-monds. If, therefore, the club queen is a true card, and if he really has a singleton club, then he must hold three hearts and the dreaded ruff discard could not cost the contract -South could dispose of only one heart in hand,

Yes, sometimes all you have to do is count up to 13. E. P. C. Cotter

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### **CHESS**

Stock shortage has arisen partly because of the great increase in sales in recent

years (from 175.5m. bottles in

1980) and partly because of the view held firmly by the leading

grande marque merchants (as well as the trade organisation, the Comité Interprofessionel) that, to maintain the special

quality of champagne, it must be held for three years in bot-tle before being sold.

increasing prices uncompeti-

tively to meet growing costs, including those of the grapes,

he must try to sell more bot-tles; and to maintain the ratio of stock to sales in order to

sell, say, 10,000 more bottles

each year, he must acquire the equivalent of 30,000 bottles

extra. As his share of the vin-

tage is controlled strictly by

the trade body, and is based on

the previous year's sales (this year, 94 per cent of his 1988 total, but 110 per cent on the proportion exported), he is likely to have to recourse to

Until very recently, the added sales that merchants

If a merchant is to avoid

him a possible first prize. The chess circuit now moves

civil war in Azerbaijan.

29 based on a remarkable checkmating idea. in the latest Fide rankings Judit has 2,550 rating points, nearly 100 ahead of the official world women's champion and up among the top 100 men. Fischer and Kasparov achieved such peaks only at age 15-16. White: Judit Polgar (Hungary). Black: B. Damljanovic (Yugoslavia). Sicilian Defence (Wijk aan Zee 1990).

buyer's own-brand side of the

trade, not least for the British

supermarkets; indeed, advan-tage was taken of being able to sell their champagne legally

after only a year in bottle. To discourage this, all purchases of vin clair are now deducted

from the next vintage's alloca-

tion, as well as attracting a 15 per cent tax, while vin sur latte

sales incur a tax of Ffr15 a

bottle. These taxes, together

with one of 8 per cent on pur-chases at the vintage time, all

go to the contracted growers, who number 16,000 out of the

They range, however, from those who sell all their grapes to the maisons to those who

contribute a token 10 per cent.

For it is appreciated even by those who sell little or none of

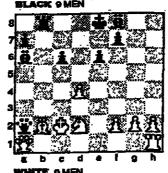
their production of grapes that it is the merchants, particu-

19,000 total.

1 e4 c5 2 Nf3 Nc6 3 d4 cxd4 4 White's attacking formation

a pawn for the initiative. 15 Nxa5 Qxa5 16 g4 Qc7 17 g5 Nd7 18 Bd4 O-O 19 Qh5 e5

20 ... exd4 21 f6 Ne5.



#### HOW TO SPEND IT

Lucia van der Post waxes nostalgic over a former 'wonder material' and comes up with some romantic notions for Valentine's Day

### Plastics? Fantastic!

H, the nostalgia of it all! Plastics, once the white-not high-tech, latest, brightest, most advanced material in the world, is now the stuff of retro-spective exhibitions at the V&A, of discerning people's most precious collections, of high-profile auctions in inter-national salerooms,

Whoever would have thought it would come to this after such inauspicious beginnings. Plastics, after all, used to be the stuff of jokes, of tupperware parties and tacky toys that came apart, of cheap imitations and high-flown

It was the Italians who first made us realise that cheapness made us realise that cheapness need not be tacky, who saw that plastics offered an unequalled opportunity to produce fine design at prices everybody could afford. It wasn't long before the 1960a began a long love affair with the material and many of the great names of modern design—people like Charles Eames, Joe Colombo, Vico Magistretti, Ettore Sotsass and Dieter Ettore Sotsass and Dieter Rams - were inspired by plas-tics to produce some of their

finest work. Since then several things have happened. First countryhouse style, a look based on natural materials which evolved long before the development of plastics, became the prevailing domestic idiom and the taste for the bright new products of the plastic age went underground. Second, as went underground. Second, as the Green movement gained ground plastics, being oil-based and non-hiodegradable to boot, fell further out of favour.

Nevertheless, plastics prod-ucts are still a vital part of almost every household and couture outlits at £255 a time

contemporary designers working with plastic materials in Philippe Starck. Here his Miss Balú table for Karteli

shows some of plastics' inherent flexibility, its ability

for a gradient bound district

anybody interested in them should make a point of taking in two exhibitions on the subin two exhibitions on the subject. At the V & A's 20th Century Gallery The Plastics Age: From Modernity to Post-Modernity starts on February 14 and runs to April 29, while at the same time Liberty of Regent Street, London WI will be holding a selling exhibition at which plastics from all periods, including a lot of the contemporary merchandise on view at porary merchandise on view at the V & A, can be bought.

Liberty's exhibition on its lower floor will be a real trip down nostaigta lane for those who first furnished bouses in the '60s. Many of the grand old classics — the Joe Colombo chair, the cylindrical and oblong stacking units by Kartell, the Zanotta blow-up chair, the Plia folding chair — will all be there. But there is also a brave attempt to show that plastics have a future so some bright new designs will be fea-tured, ranging from pieces by the great French designer, Phi-lippe Starck, to Matteo Thun's elliptical mirrors, Anna Cas-telli Ferrieri's chairs and Giu-tio Polyana's box heard about lio Polvana's box-based ahelv-

As always many of the best applications for plastics seem to be in the realm of toys. In particular there is a marvel-lous plaything by Dizzo Toys - from a group of components that all come backed into a cylindrical drum the child can cylindrical drum the child can put together six different sub-stantial toys. Then there's a wonderfully camp doll called Mdvanil, which is designed by Billy Boy. She costs £145 for the basic version, £285 for the de luxe in which she comes with hypera heir coffed by

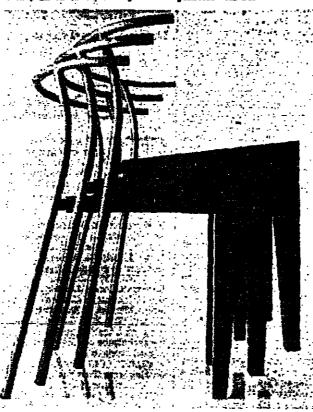
Authentics, a German manufacturer, seems to specialise in the charmingly kitsch end of the spectrum with lots of wacky things like bright pink dusthing children's jelly shoes, fluorescent hot water bottles,

plastic flowers and ducks. Perhaps of most serious ractical interest are the lovely household products from the Italian company of Carrara & Matta — chunky picnic tum-blers, an efficient, sturdy wine

cooler. From Biesse come some exceedingly inexpensive tumblors, cutlery, rainbow-col-oured picnic plates, all-purpose gadgets and the like.

What both exhibitions will

do is to remind us of the immense flexibility of plastics, of how many different forms it can take, of how inexpensive it is - some of the very nicest, most desirable of things, in my view, are the cheapest - and, above all, of what sheer fun



seen a lavourité product to which designers interested ionis, and most top-class designers have wanted to olve the problem of low-cost

Philippe Starck's latest version for Kartell. Called the Or Globb chair, it comes in black, grey, coral, sky blu

Those who love early plestic and bakelite in particular, aboutd head for the Cobra

& Bellamy corner of the Liberty exhibition where

the Cobra & Bellamy partners, will be selling m

pieces from what must be a unique collection of 1930s,

They range from the wild and wacky, such as the ice-cream cornel-shaped

ewellery. Prices vary wide - from £5 for some '50s

ear-rings and £65 for some

for the rare ite

R costs £600.

cutt-links to the high hundreds

Photographed above are some of the more precious items in the collection. The suede handbag is a copy of a Cartler '20s design, though here its cleap of core!

The bakelite and paste Ken

Lane earrings and brooch ere exact replicas of a very famous George Fouquet design from the 1920s. Faux

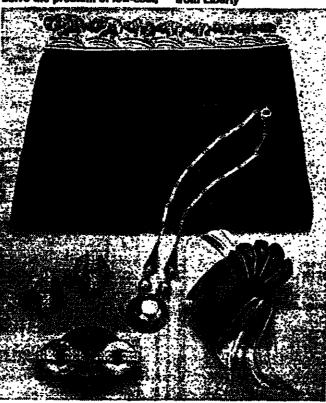
onyx, jade and diamonds, the

earrings are £98, the brooch costs £250. The '30s metal and bakelile necklace is £78

while the head brooch us real ebony and bakelite and is a '50s design from

America. The price is £750.

Avon Restick, to the truly beautiful, like much of the



**Crufts Number** 

to best effect. In black, grey, coral, sky blue or aqua it is

72.5 cm high, 64 cm wide and

costs £190 from Liberty. There

are several bigger versions at prices going up to 5380

COUNTRY LIFE Crufts-Number

The hound as accessory: changing fashions in dogs Canine portraits in a great Cheshire country house Breeds for the 1990s and for the 21st century After the second Great Storm: report on West Country gardens

Plus the usual informed coverage of architecture, collecting, the countryside, wildlife, sport, farming, fashion and the arts.

COUNTRY LIFE EVERY THURSDAY

IF YOUR bank balance has barely recovered from Christmas you may not be too pleased to be reminded that St. Valentine's day is here again. But it is, it is. If you are one of the growing number

who have been successfully pressured into feeling that here is yet another call upon your pocket, that your nearest and dearest will feel neglected, deprived and generally unappreciated if there is no

token of your esteem come the day, then there is no shortage of ways to spend your money, Here, for those who are feeling romantically inclined, are

LONDONERS wanting to send some special floral tribute might remember Flowersmith at 34, Shelton Street, London WC2 (tel. 01-240-6688) which can be guaranteed to provide a little extra horticultural elan for your warran. You could for your money. You could choose red anemones with ivy berries and rosemary all tied up with red paper ribbons for £12; a stem of red amaryllis with black contorted willow (again tied up with red paper ribbon) for £10; or a basket of potted bulbs and flowers for £20. Delivery is extra.

■ You could spend just £2.25 on a little Zulu bead love letter from Neal Street East, 5, Neal Street, London WC2.

A serious present (in the financial sense, that is) but enchanting none the less is Ingo Maurer's heart-shaped light. Design cognoscenti will know that Ingo Maurer is one of the world's leading lighting designers and his "One From The Heart" light is not your run-of-the-mill box-shaped lampshade — it is a delicate lamp-shade — it is a delicate, surreal, floating, fragile device, with a central red heart supporting a smaller mirrored one which rotates and throws its shadow on to the surface below, £290.50 from the London Lighting showroom, 135 Ful-ham Road, London SW3 6RT. If you think flowers are old-hat, chocolates fattening

and jewellery too expensive, you might like to say-it-with-a-song instead. For just £5.99 (plus 30p post and packing) Send-A-Song will record a ballad of your choice and the name of your dreams will be included - whether "Ann or Anastasia, Joe or Jehoshap-hat," Send-A-Song says it can handle it. Ring 0245-382008.

If you haven't had a min-ute to organise anything Bas-ket Express will deliver any manner of delights to any door manner of delights to any door in the London area — anything from boxer shorts, bottles of booze and gentleman's soap and tale for HIM to lace and satin cushions, pot pourris, "I love you" Teddies and photo-graph frames for HER. Prices start at 225. Call on 01-28-2836. E Plying Baskets sticks chiefly to food, though food of a gottinet nature. For 250 you get a heart-shaped basket filled with treats for two - smoked salmon, fresh pasta with pesto sauce, salads, french beans with olives, Neufchatel cheese with handmade oatcakes and a box of sumptious fresh cream praline truffles. Buy the cham-pagne yourself. Nobody is say-ing it is cheap, but it makes a grand gesture. Ring 01-734-7535. Delivery in London's West End is free, elsewhere delivery is charged for. You can also collect the baskets yourself from

Frith's Restaurant, 14, Frith Street, London WIV 5TS.

Those who love the romantic flowery offerings from Penhaligon could opt for a new book by Shella Pickles fans will remember she founded the shop several years ago and though it is now owned by Laura Ashley she is still managing director. The book is called *The Language of Flowers* and it is published on February 14 at £12.95. In suitably floral and romantic mood, The Language of Flowers looks at the symbolism, origins and legends of about 40 English flowers. In typical Sheila Pickles romantic vein there are also selections of prose and poems on a love theme and the whole is made even more fragrant by using endpapers scented with Penhaligon's fra-grance, "Violetta."

grance, "Violetta."

Enchanting hand-painted cushions by Robert & Colleen Bery can nurmally be sent by mail, though if you need them in time for Valentine's Day you'll have to go and fetch them from their shop-cum-studies at 157 Ct. Take's Hill Ret. dio at 157, St. John's Hill, Battersea, London SW11 ITQ (Open Monday to Saturday, 10 am to 6 pm). The cushions are exceptionally pretty — Aubusson-inspired rose cushions in two designs, tea rose and dusty rose, painted on to a dusty pink background, backed and piped with natural linen and with gold tassels in each corner. 18 in square, they are £50 each, £3.50 p+p.

SAVILE ROW COMES TO THE CITY

Kent & Rose have been making gentelmens suits around Savile Row over a number of years

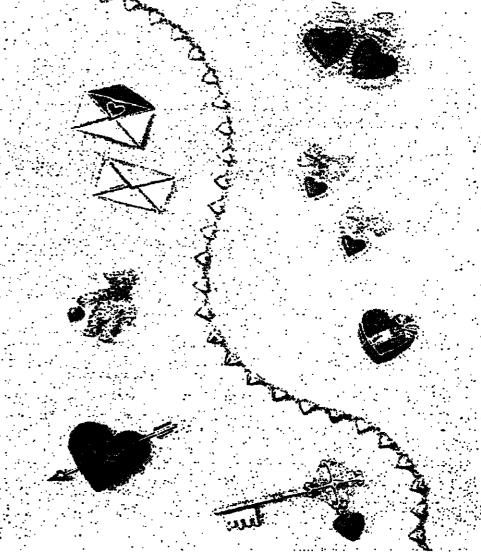
- they are now coming to the City.

11 Old Burlington St. W1. 01-734 2687

Due to a system of cutting & fitting based on American style custom built suits they are able to make suits the cut of which

remains essentially Savile Row. E.g. All wool two piece suit 375.00 inc. VAT.

We will be taking orders in the city from Feb 12th to March 4th and returning with fittings 2-3 weeks later. If interested please phone or write to Kent & Rose,

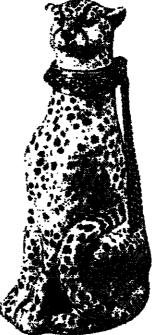


If you'd like to give a piece of jewellery but don't want to good name to look out for. The range of jewellery

photographed here is all from Circ and prices range from \$22.50 for the chocolate box brooch to £39.50 for the double heart brooch. All can

be found either at Ciro. 9 New Bond Street, London W1, 61a Brompton Road, London SW1 or from most good



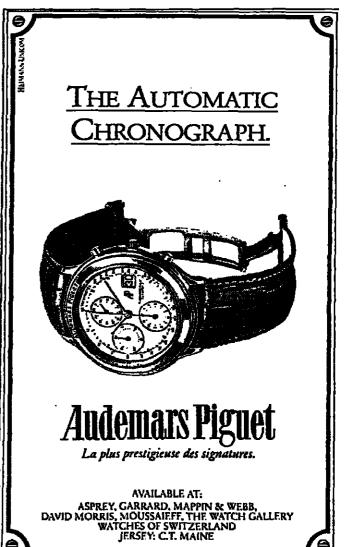


Those who know and collect Halcvon Days' enamelled boxes might like to know that

Susan Benjamin, who owns the company and who single-handedly revived the art of Battersea enamelling, is now making ceramic ministures much as they were first made at the Chelse Porcelain Factory in the 1750s. These exquisite trifles look set to become just as much collectors' items as the start at about \$85 for some of scent bottles are as much as \$360. Bach piece is fitted with

boxes before them. Prices the seals, while some of the gold-plated silver mounts and many are set with precious stones. Most distinctive perhaps is the 3 in high cheetah scent bottle, above with a nine carat collar set with rables. It costs \$360. Halcyon Days is at 14, Brook Street, London W1

If you feel like giving something that verges on a token or £17.20 on a silver one; buy a pair of ceramic Crafts Council Shop at the earrings for £17.20 or a painted paper bookmark for £15. If you wanted something Victoria & Albert Museum South Kensington, Londo splendid then there is a wonderfully decorative SW7 has some tempting ide in a series of work by embroidered wallhanging, 7 in high, called "Forbidden Fruit" (above) that sells for \$430. contemporary artists in ceramics, silver, jewellery, wood, and metal. You could



TE DESCRIPTION OF THE PROPERTY es gesse are and content of the content of the content stock are popular to a Christmas are be content stock are content out and the content out and the content out and the content stock are content out and the content out and the content out and the content out and the content out are content out to content d of home delivery Director Ste is a pesse in the virtus farming and hose pany will have be burchers shoping order before long sells only provi-

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### Climb every fjord, lake and forest

Audrey Powell looks at the market for second homes in Norway

FOR MANY Britons, a holiday home abroad means an apartment in a beachside develop-ment in southern Europe. Nor-way might seem an unlikely alternative. Yet, half its population scamper off to second homes - in their own country whenever possible during the summer. Why shouldn't the British follow suit?

There is no shortage of cabins or space on which to build, around Norway's fjords, lakes, mountains and forests. After all, the country has only 4m people.

In a district such as Rogaland in south-west Norway, where the fjords begin, you could have spectacular scen-ery, sailing, walking and fish-ing at your door along with all the opportunities you want for photography, painting or just relaxing undisturbed with a pile of books. Buy in the right

plie of books. Buy in the right place and you could come back for the skiing.

But why suggest Norway at this time? One reason is its increasing ease of access. A British Airways flight from London to Stavanger, in Rogaland, takes 105 minutes and costs from £142 return.

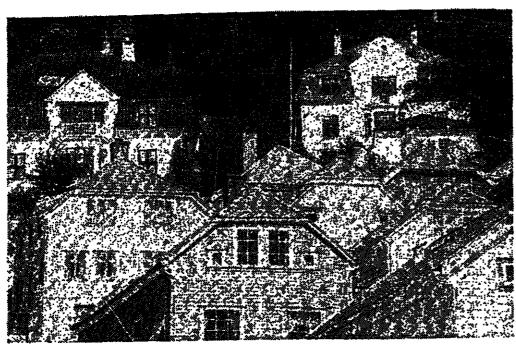
From Stavanger's wharves, fast passenger ferries, with interiors like aircraft, run with the frequency of bus services over a network of routes to island and mainland coasts.
Under an hour should see you stepping off at the quay-side nearest to your holiday home. Similarly, a fleet of car ferries crosses fjords and sounds.

Norway has a history of changing fortunes: fishing, canning, agriculture, shipping, hydro-electric power and now oil. (Its North Sea fields produce nearly as much as Kuwait). But fishing and farming have leet their importance. ing have lost their importance, so fishermen's waterside cotso fishermen's waterside cot-tages and farm properties are becoming available for leisure living. Also, the improving road system is making once-isolated villages accessible.

Meanwhile, the property market has been going through

a recession, triggered partly by the fall in oil prices and tax changes. Some house prices changes. Some house prices have dropped 15 to 20 per cent in two years. You are told of a new block of apartments in Haugesund, a former fishing port north of Stavanger, where prices have been halved.

Norway's streets of weather-



The American Company of the Company

boarded houses make an interesting change from brick or stone. Whole groups may be painted white, with red tiled roofs, or individual properties may be a rusty red, with door and window frames and bargeboarding painted white. Holiday homes range from

basic wooden chalets at £13,000 to lush villas on their own islands, built to a buyer's wishes and costing perhaps £300,000. (These would certainly have a pole for flying the national flag and a pool not for swimming but for keep-ing fresh a supply of crab and lobster caught in the owner's

Norway has hundreds of islands. Vacation homes on these might be £60,000 up if accessible only by your own boat, or £120,000 if they could be reached by car via bridges

A typical holiday home would be built of wood, with several bedrooms and a family room with fireplace for burn-ing logs in the evening. It would be single storey with a verandah and some land, and might be £45,000. But you might find a boathouse to convert; one, made already into a summer home and reached eas-ily by ferry from Stavanger, is

£115,000. Also available is a weather-boarded bungalow amid dunes on the edge of a sandy beach, 20 minutes' drive from Stavanger. It has a cluster of conifers

needed a permanent home.

Flats start at around £40,000

while a three-bedroom, 1960s' timber house, high on a suburban hillside looking out over water, could be £160,000. It

would have a double garage

By contrast is a three-storey white weather-boarded house in Old Stavanger, with its inti-mate, cobbled streets. Here, 150

such properties, built around 1850 for the fishing commu-

nity, have been preserved.

This one would seem a bargain at £80,000 although its

architect owner has ripped out

most of the interior, that would

Only lawyers or qualified

state agents may sell property

in Norway but many banks have estate agency divisions. The houses mentioned are with

the Bergen Bank's agency at Kongsgardbakken 1, Ankerbygget, 4005 Stavanger (tel 04-63-84-66), where English-speaking negotiator Espen Opsanger is also prepared to search for specific traces of respective property.

cific types of property.

The bank has another estate agency at Haugesund (tel 04-71-91-00), which offers some

substantial properties for busi-

nessmen who go there with families. A five-bedroom, Dutch-style, white rendered

have to be restored.

and garden.

behind and the open sea in front: a sort of breezy north Cornwall setting. With a large sitting room, two bedrooms, a timber terrace and some land, timber terrace and some land, the price is £120,000. But you would have to pay just over £4,000 more to cover part of the estate agent's commission, government tax — and a licence.

The authorities keep an eye on the use of housing and a holiday home needs a licence.

holiday home needs a licence, but these are refused only rarely.

If you prefer something rural, you could be offered a farm property with a grassed roof. The owner of one at Sul-dal (cosy with its beamed and boarded interior) had scattered cornflower seeds on the roof, the result was blue flowers bobbing in the wind, as on a lady's hat at Ascot. (Such roofs should comprise six layers of birch bark, then a layer of turf upside down, with a top layer of grass. They are said to last for 30-40 years).

Suppose, though, that you were one of the 60 nationalities working in Stavanger, and house in a professional area has three living rooms and a basement flat for £130,000. Or, as an example of a mod-

ern home, there is a long house with a dark-stained, timberclad upper floor and rendered lower floor while the roof is red-tiled. It has a first-floor sitting room with balcony plus four bedrooms, two bathrooms. Price: £100,000. The Bergen Bank's London branch can arrange mortgages but does not handle property.

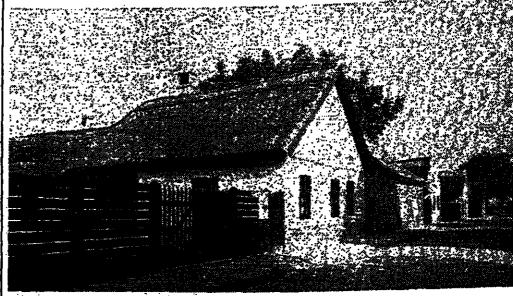
Norway has many links with the UK. Stavanger is twinned with Harlow, Essex, and nearly 30 British/Norwegian societies are listed, amid a wealth of information, in the Norway Official Guide 1989 (£3.95 plus £1.25 p&p from Springfield Books, Norman Road, Denby Dale, Huddersfield HD8 8TH).

Norwegians are friendly and Norwegians are friendly and learn English at school, so communication is no problem. But they have a puritan streak and tax cigarettes and alcohol heavily to discourage their use; thus, forewarned visitors take their own. The weather is the paraeable, much like the changeable, much like the English Lakes or Scottish

So what is it like to have a second home there? Ronald Archer, a London-based Uni-lever director, is well-qualified to say; his family has had one for more than 100 years. These days, Archer's brother-in-law owns the house on a hill near the village of Sand and close to the Suldalslagen, in Rogaland, one of the country's finest salmon rivers. But it is used by the two families every summer (at other times, it is let to the local Lions Club, a community service organisation).

Archer says Norway is in his blood. It has its problems, of which the weather is not least, but when it is fine "it is very fine and the days are lovely." He admits the cost of living is high but "we take our meat [with us] and put it in a big

According to Archer, having a summer home there gives you a "holiday in depth" as opposed to a superficial one on the Mediterranean. And he declares: "Nothing is more glorious than being up on a Norwegian mountain, on the right day, with the place entirely to



Conservation

### Europa accolades

HE UK went some way towards losing its bad conservation record by winning the most accolades in the pan-European conservation and restoration stakes. Europa Nostra, the international federation of

associations for the protection of Europe's cultural and natural heritage, awarded honours to entries ranging from Whitley's store in Bayswater, west London to the 18th century Chinese summerhouse at Amesbury Abbey, Wiltshire. There is even a diploma for re-sanding the coastal dunes on Cornwall's Lizard peninsula.

More than 40 per cent of entries were from the UK, which scooped 19 out of 42 diplomas and two out of eight

The countless "before" and "after" dossiers sent in for this competition (sponsored by American Express) are a good gauge of the best work an old continent offers. It is a shock that after 45 years "before" can still mean war damage, at Doorwerth Castle near Arnhem, Holland, and the Franciscan-Bernardine monastery in Poznan, Poland. It also means recent fires, such as that in 1984 which wrecked the south transept of York Minster

Large period houses in town and country are always

popular candidates for restoration. The end result is prestigious, but often new uses must be found. J. Rothschild Holdings has turned Spencer House (former London seat of the Princess of Wales's family) into offices, with a view over Green Park. Some winning houses are

open to the public, such as William Adam's House of Dun near Montrose (a superb job by the Scottish National Trust) or Doorwerth Castle in Holland, restored by the Gelderland Castles Trust and now the National Hunting Museum. In Belgium the Government put Bilzen Castle up again, after it burnt down in 1971. It is now a cultural

Callaly Castle, Northumberland, is the rare country house winner that people still live in. Keeping part for themselves, the family has split the rest into flats. There are plenty of big old buildings besides castles that need treatment. The town salt store of Avignon, France (now an auction gallery) is just one. The Thermal Baths of Buxton, Derbyshire were used until 1963, though in decline from the First World War. They are transformed now into

and restaurants) under a vast glass roof. Cumulative schemes to clean up whole townscapes are very

the Cavendish Arcade (shops

Cheltenham, with rolling programmes of work and detailed directives for private owners, score here. Szekesfehervar in Hungary was the only medal winner from Rastern Europe, where 13 peasant houses clustering round an 18th century Serbian

church were saved. Europa Nostra also encourages small projects.
Surrey County Council is one
worthy winner, for restoring
the brick bridge over the river Mole that adds quiet drama

to the middle of Leatherhead. Of the few awards for the countryside, the most important is for preserving the Cantabrian dunelands in Spain as a nature reserve. The National Trust won a diploma for similar work in the Lizard peninsula in Cornwall.

The most spectacular outdoors work is the Trust's restoration of the Sty Head Pass packhorse road in the Lake District. Climbing to 500 m and linking Wasdale and the west coast with Borrowdale and the main routes north, east and south, this road was already old when first mentioned 700 years ago

Another winner is an old favourite, Kew Gardens, where the Palm House and other buildings, old and new, are now in spanking state.

Gerald Cadogan

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**COUNTRY PROPERTY** 

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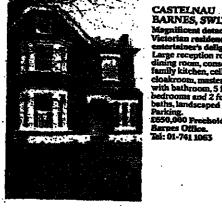


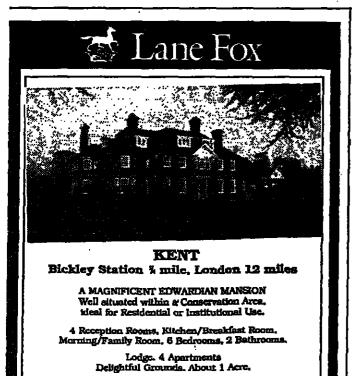


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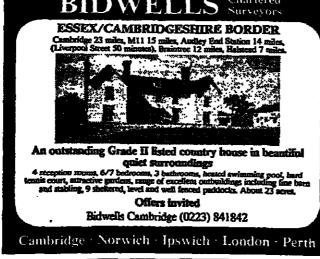
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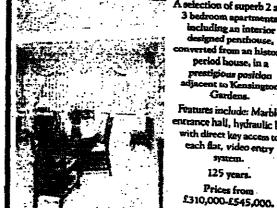
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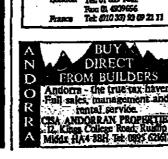
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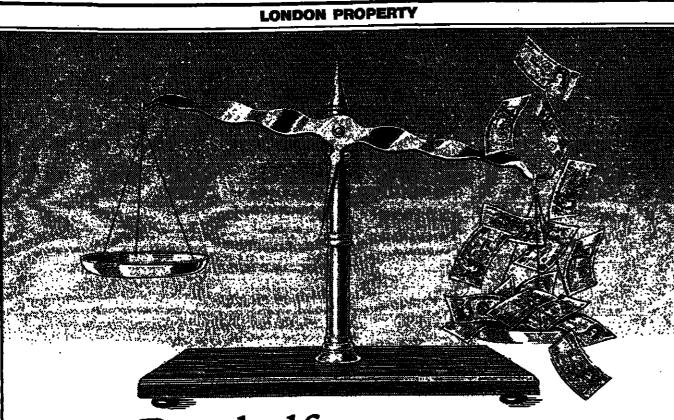
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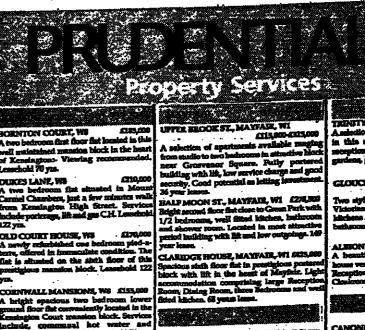
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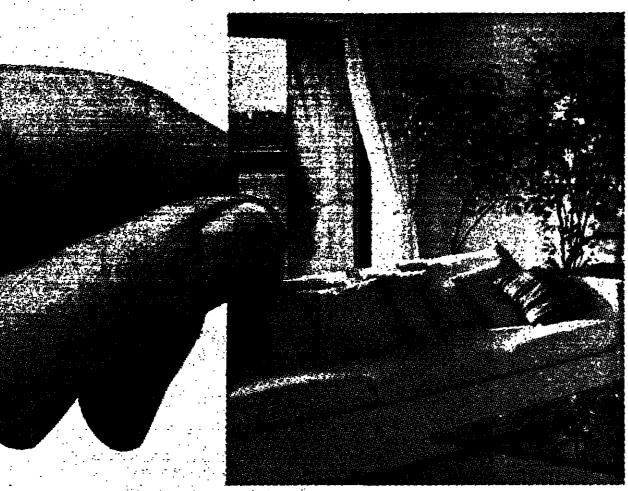
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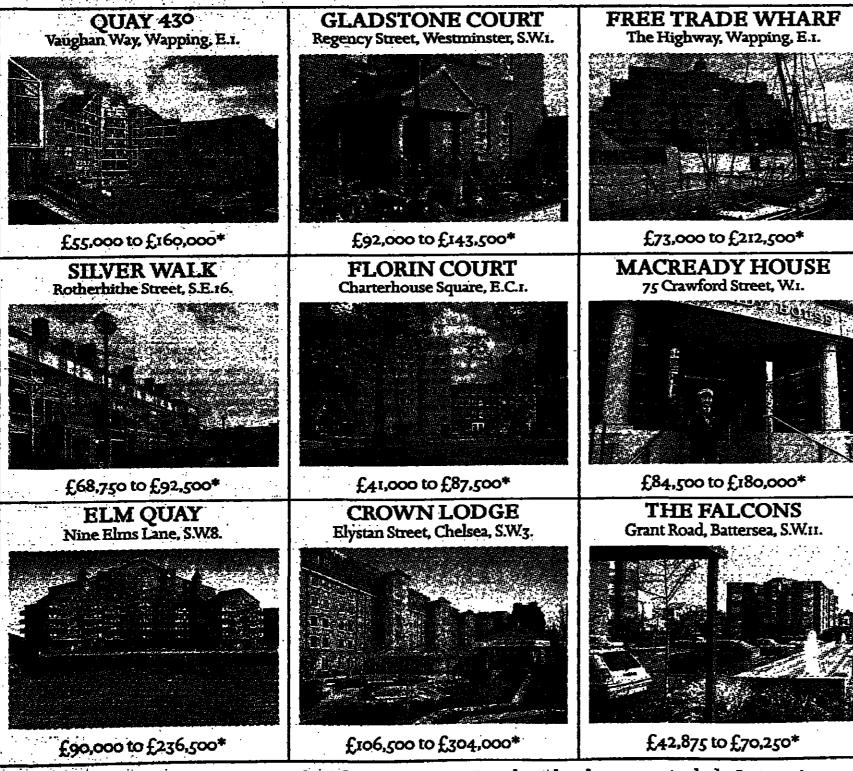
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WAS lucky to be an undergraduate when C.S.Lewis was in his prime in the wartime and post-war years at Oxford, My tutor Hugo Dyson - a "source" for A.N.Wilson - was one of Lewis's closest friends. He was present on the famous occasion when, after tramping round Addison's Walk until 4 am, Lewis became convinced that all creation was "myth-woven and elf-patterned," leading to his conversion to the Christian faith. Dyson comes into this biography quite a byson comes into this biography quite a bit. I remember the time when he told Lewis: "You get your pupils firsts, Jack. I get mine jobs" (not true in my case). To which came the immediate reply: "I don't even do that nowadays, but, you know, my pupils marry awfully well."

Whether in formal disputation or in his favourier setting of the Eagle and Child

favourite setting of the Eagle and Child, tankard in hand, Lewis was as quick on his feet as Oscar Wilde. It was his blisterhis feet as Oscar Wilde. It was his blistering wit that made him such a formidable apologist in Screwtape, in his broadcast talks, and especially live at the Oxford University Socratic Club. There was the time when C.E.M.Joad of the Brains Trust was invited to be the paper speaker, sharing the bill with Lewis. People turned up in droves. Soon Joad was to be observed gazing ruefully at his stumps spreadeagled over the crease.

Wilson describes Lewis as having a bul-

Wilson describes Lewis as having a bullying police-court manner, inherited, he suggests, from his father, Albert Lewis, a suggests, from his lattier, cauert across Belfast solicitor who frequently represented the prosecution in criminal cases. True enough, but Wilson does not do full justice to Lewis's flow of merriment in conversation. He was a marvellously rewarding talker, a difficult trait to bring out in a biography unless you happen to

he Boswell.

Lewis died on November 22, 1963, the day that President Kennedy was killed.

Like Kennedy, Lewis belongs now to the public domain not just to Oxford legend. He is a cult in the US with two rival factions attempting to canonise him and a factions attempting to canonise him, and a box-office hit in London thanks to Shadowlands. The memories I have of Lewis as a brilliant lecturer expounding the obscure Renaissance humanists and the Cambridge platonists do not give me any par-ticular edge in judging this biography; all I can say is I recognise here much of the

can say is I recognise here much of the man I remember.

Wilson, who never actually met Lewis, has talked to many people who knew him well: Douglas Gresham, Lewis's stepson who has published his own book, Jill Freud who as a schoolgirl lived at the Kilns in Headington with Mrs Moore and Lewis on whom she had a schoolgirl crush, and Christopher Tolkien who has spent the best part of 20 years editing his spent the best part of 30 years editing his father's papers. There are also the Lewis Papers which Wilson has used. This is a vast family archive, much of it unpub-

lished, compiled by Major Lewis (Warnie), Lewis's brother, who after early retirement also lived at the Kilns.

But this is not to suggest the book is over-weighted by research. On the contrary, it is lean and lively. Wilson takes Lewis on and with him the Lewis cult, not with a hatchet but with a pruning-knife. He cuts through all the pious cackle to the heart of the matter. There had to come a moment when, in spite of his crushing bons mots ("Nonsense doesn't cease to be nonsense when it is talked about God"), Lewis received his intellectual comeuppance in a city bristling with linguistic phi-

According to Wilson, the moment came after Lewis's book Miracles had been published, in the Hilary Term of 1948. The Socratic Club announced: "Miracles - A Reply to Mr C S Lewis. G E M Anscombe and Lewis agreed to reply to the Reply. Like Lewis, Elizabeth Anscombe was a heavyweight, but unlike Lewis she was a professional philosopher. They slugged it out together for an hour or so, at the end of which, groggy and humiliated, Lewis had lost on points.

Wilson sees this as the end of Lewis the apologist and the beginning of Lewis the children's novelist. He went back to the Wardrobe, in other words the world of his Ulster childhood, and in a rich, fluent



### The other side of the Wardrobe

A pruning knife has been taken to the Lewis cult, says Anthony Curtis

C S LEWIS: A BIOGRAPHY by A N Wilson Collins £15, 334 pages

burst of the imagination, created Namia. There really was a wardrobe full of fur coats. It stood in the the bedroom of the house in Belfast where the Lewis brothers were brought up, and it is now in the Lewis room at the University of Wheaton, near Chicago, where Wilson has been to

The horrors of Lewis's boyhood are memoir Surprised By Joy and the previous biography by Hooper and Lancelyn Green. Wilson takes us again though the traumas of Mrs Lewis's death, the terrible prep school to which Lewis was then sent. afterwards joining Warnie at Malvern. Release came when an old family friend became his private tutor and his outstanding ability was at last recognised. Wilson has an interesting revisionism of the memoirs. He sees the relation between father and son less one-sidedly and has some good words to say for the father. When he comes to Mrs Moore -

"Minto," Lewis's "adopted mother" — who was the mother of a friend killed in action whom Lewis had pledged he would "look after," Wilson probes Lewis's reticence. Wilson thinks that at one time they must have been lovers, and that his enslavement to her for the rest of her life was due to a sado-masochistic tendency. Another explanation might be that he was a chari-table, kindly man who felt that it was up to him to help with the housework. Certainly of all Oxford domestic arrangements, those of Lewis, divided between his rooms in Magdalen during the week and the Kilns at the weekend, were the most

Wilson also gives us some fresh light on Joy, the American admirer whom Lewis married after the death of Mrs Moore. She emerges here as a rather less tactful and more outspoken lady than the heroine of Shadowlands. Wilson's account of their wedding, which Lewis had the greatest difficulty getting solemnised, hoist with his own doctrinal petard, and of Joy's reprieve from cancer, corrects and extends those by Lewis. This is the fullest and most readable portrait we have had of him since Humphrey Carpenter's in The

### A unicorn of literature

David Pryce-Jones on the man behind Lolita

VLADIMIR NABOKOV'S letters are first and foremost a pleasure to read. Playfulness pleasure to read. Playfulness and elegance abound. Lolita, the novel that coined the word nymphet, is "this great and coily thing." Somebody's praise warms "the rattles of my old heart." Comparing himself to the Soviet citizens among whom he might have expected to live and die, he writes, "sometimes I feel as if I had disappeared behind some disappeared behind some dove-gray horizon while my former compatriots are still sipping cranberry drinks at a seaside stall." Such unlikely but unforgettable images are

his essence.

Nabokov was essentially a private and domestic man, and these letters contain nothing confessional. The few that are addressed to his wife or his son (the willing editor), to his mother in Prague or his sister in Geneva, reveal someone affectionate and — dare one say it — hanvy. Very much the say it - happy. Very much the nobleman, he was never going

to complain.

After Lenin's seizure of power, he lived in Berlin or Paris. The further move to America was in the nick of time, in 1940, when he had nothing much more to sustain him than a reputation as a promising author in Russian émigrá circles Literary fachicaémigré circles. Literary lashion was then against him, in that novels were supposed to be realistic, socially conscious or

HIGHER THAN HOPE

by Fatima Meer

South Africans who helped

him. It is even more difficult if

the biographer is herself com-

mitted to the promotion of his

political movement (she is, for

pointral movement (she is, for example, unable to conceal her hostility to the rival Pan Africanist Congress).

Nevertheless, it has to be said, first, that this is not a new hostility to the constant in 1992.

new book - it came out in 1988 in South Africa, has been given

a scrambled postscript for this edition and has apparently been vetted and approved by

EDWARD DE Bono warns us

straight away. On page one, he writes that "There are proba-bly no more than two dozen

people in the world who would really understand (at the most

fundamental system level of

brain mechanisms) why I claim

such significance for humour.

seems clear - we are dealing with complicated stuff here

and you could join the elite by

reading it. But if you do not

Mr de Bono's thesis centres

VLADIMIR NABOKOV: SELECTED LETTERS 1940-1977 edited by Dimitri Nabokov and Matthew

J Bruccoli Weidenfeld and Nicolson £29.95, 582 pages

progressive in the manner of John Steinbeck and Heming-way. Nabokov wanted to depict way. Nabokov wanted to depict the world in his own images. How he managed to impose himself and give the novel a new lease of life is the binding theme of this volume. It is an epic story of success.

The unsung heroes are the American editors and publishers who recognised him and were prepared to accommodate to his character, to understand that behind what might have

that behind what might have looked like posing or boasting lay fortitude and integrity. Katherine White, then fiction editor of the New Yorker, launched him, and the critic ledward Wilson became a with Edmund Wilson became a valuable friend, though primarily because he was under a senti-mental Illusion about all things Russian, including the Revolu-

While still unknown, Nabokov received a letter from one of the great panjandrums accusing him of submitting to his magazine work inferior to that which he sent the New Yorker.

Nabokov returned a large Nabokov returned a large advance, and wrote, "your letter is so silly and rude that I do not think I want to have anything to do with you." That is how to treat them, but how

many dare to do so?

During the difficult years,
Nabokov supported himself by teaching and a number of letters are addressed to aca-demic colleagues on his special subjects of Russian literature and lepidoptera, "leps" to him, butterflies and moths to us. Towards the end of the 1950s, Louita famously edged into the world via the Olympia Press in Paris, run by Maurice Girodias. Relations between the high minded Nabokov and the very minded Nabokov and the very could be could low minded Girodias could only disintegrate into farce, most enjoyable to follow

Closely.

Becoming a household name,
Nabokov seemed to let himself
go. A fine careless rapture
enters his letters. He becomes enters his letters. He becomes more insistent than ever that his work is to be published exactly as he wants. He declares that T.S. Eliot and Thomas Mann are fakes, that he will have nothing to do with he will have hothing to do while Bertrand Russell or Sartre. Pasternak's novel Dr Zhizogo is "trashy, melodramatic, false" because of elements of Soviet apologia which are undoubtedly in it. This judgement led to the public marrel.

ment led to the public quarrel with Edmund Wilson, but their extraordinary correspondence

has been omitted here, presum-ably because it is available in another volume.

To take these flights at face value would be to dismiss Nabokov as crochety or worse, so missing the essential purpose of play. For Nabokov, there was room in literature for games, puzzles, acrostics, anagrams – his own name became Vivian Darkbloom or Vivian Bloodmark. To a well meaning questionnaire asking "does a writer have a social responsibility?" he gave the one word reply, "no."

Exaggeration, fancy, a delight in language, led him to hit out like a jester with a bladder at those who would improve us, whether we liked to be improved or not. When it is the best was in the to be improved or not. When it mattered, his heart was in the right place; as Solzhenitsyn was expelled from the Soviet Union, Nahokov wrote to him, "I was happy to learn today of your passage to the free world from our dreadful homeland," and to hove that they would and to hope that they would meet. Nor was he quite so unpolitical as he maintained, for instance robustly finding "anti-McCarthyists much more repulsive than McCarthy him-self"

I think of him as a creature of fable, a unicorn perhaps, wandering by the hazard of history into our literature and leaving on it a mark unlike any other.

### Hail to the Chief



Nelson and Winnie on their wedding day, 32 years ago

Secondly, as biography this is simply inadequate; it is hard even to find the great man's date of birth and the rare human images (for example, of the young Nelson and Kaiser Matanzima, his close friend who went over to the Bantustan system, foxtrotting to Victor Sylvester) only whet the appetite for a real portrait. His childhood in rural Transkei is mere impression, his motiva-

tions as a young lawyer in Johannesburg are vague and, inevitably, the detail of the long prison years is very thin. In sum, there is never any sense of the living existence of a man who has become one of the heroes of our age; it is not just a portrait without warts, it is Hamlet without the Prince. (Except for one moment when Mrs Meer visits him in prison - his familiar photo-graph on posters and in the

papers is of course nearly 30 years out of date: "Mandela is a youthful 71 today: tall, debonaire and without a trace of fat on his lean frame. His halr is flecked with grey, his face remains unwrinkled, he smiles readily and often, his eyes crinkling at the corners; his isnighter is deen impacted and laughter is deep-throated and spontaneous. He is as handsome today as I had found him hours before his arrest in 1962." We shall see . . . )

Winnie emerges much more real, not just because she is available but probably because the original project seems to have been for Fatima Meer to work with her on her own story. Again, there is no adequate effort to get to the truth as opposed to projecting a positive image for the world. The picture of a pretty girl struggling to cope with oppression and persecution is striking but her deteriorating reputation in the 1980s culminating in scan-dal and murder in 1988 in Soweto are briskly brushed under the carpet.

What is left? A reminder of the stature - we shall soon know much more - of someone who may be a great man. That assessment, paradoxically, is the impression that emerges through the confusions of this inadequate book. If in the months ahead Mandela shows he is able to forgive the White man who has wasted the better part of his life, he is surely something like a saint. Which, I suppose, explains why he inspires hagiography like

J.D.F. Jones

### **Fiction** Big trouble for a Messiah

Jewish history, has been punctuated by messianic movements. A long view might be that this has something to do with the desire, not just for a liberator from enslavement or deprivation, but also for a figure who will bridge that dangerous gap between depen-dence on parents and dependence on an unknowable god. At some level, most people need someone to take over from their parents. It is that conjunction between political and spiritual need which gave birth to the 17th century Jewish messianic leader whom Bernice Ruhens fictionalises

here as Sabbatai Zwi. The story takes a familiar course. A Polish rabbi is told in a dream that the Messiah is at hand: in 1662 Sabbatai is born to a poulterer's wife in Smyrna. He is marked out at birth as a special child. He suf-

potential in yourself.

family expectations grow as he becomes a great scholar, an overbearing manic and impos-sible depressive. He is revered and reviled. The movement grows. He arrives at the court of the Sultan to claim his kingdom but, betrayed at the last, he avoids crucifixion and takes

ently reconvinced of his divine The sub-text is, of course, clear. But what Bernice Rubens is interested in is not just the historical need for redeemers so much as the psychopathology of a man who is victim of his society, his family and his own mental frailty. It's bad enough if your mother marks you out as a lawyer or a doc-tor, but if you turn out to be

the turban. He cannot live with

his apostasy and dies, appar-

My Messiah, you're in big trou-ble - and so is the family. Sabbatai's mother believes

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KINGDOM COME by Bernice Rubens Hamilton £13.99, 312 pag s

completely in his divine role; his brothers are torn between doubt and faith. Sabbatai marries and renounces two wives: his only real lover, before he embraces the debaucheries of the possessed fanatic, is Saul, the son of the Polish rabbi whose prediction opens the story. Saul is also playing out his own destiny, having escaped a pogrom willingly embraced by his father, in stark contradistinction to Sabbatai's evasions.

At the crux of the novel is the tension between Sabbatai and his father, Mordecai, who cannot accept his son as the redeemer but who never withdraws his complete faith in him as a normal beloved son and who suffers, therefore, as all parents do for the indepen-dence of their children. Sabbatai knows that for Mordecai "the Messiah was but the divine idea of redemption, an

idea that must never assume flesh and blood." Bernice Rubens writes from an ultimately rational view-point, but she is a skilful writer who can convey the authenticity of religious feeling as well as imply its psychologi-cal underpinnings. By using an



in his book "Up to the sars" the author Hans Grand (M.D.) proves that you have not to live with it. Order this book from the publishers VDG-Verley, Rhebusten 124, D - 4640 Disselber '11 (West-Germany, 4000 Disselderf 11 (West-German DM 24,80 (»postage), 123 pages

ing biblical language with very modern insight (as well as many deliberate anachronisms of speech and reference) she broadens the scope of the story to pose questions which are as relevant now as ever. We do not have to look too far to find modern leaders who increasingly assume messianic pos-tures. Why do we need them? What do they think they're up to? What of their families?

understand or agree, it is probably your fault, not the author's. This may not be Bernice Rubens's best novel: there is sometimes an unease in the unsettled tone, a slight sloppiround the limitations of logical thinking and the system of solving problems through argument. A syllogism is only as good as its premises; argu-ment entrenches positions s in the adventure of style, but it fascinates by implying answers to some serious questions about the nature of, and need for, and the wreckage wrought by, powerful personalnd the wreckage powerful personal new way of thinking — what he calls a new Renaissance — should be developed, based on the way that the brain actually

### Po-faced look at the brain

This tactic is what a Welsh rugby coach memorably described as getting your retaliation in first. The message "I AM RIGHT, YOU ARE WRONG" by Edward de Bono Viking £14.99, 293 pages

> works. Computers cannot react with the information they use but the brain is a self-organising system which is changed by the act of receiving information. According to Mr de Bono, the brain "encourages incoming information to organise itself into a series of stable states that follow one another the formation of sequences

> and patterns." The book has interesting passages but there is some-thing about its tone and organisation that repels. It may be

to promise a section on hodics (whatever that is) throughout the book only to announce on the last page that he has decided to remove it, reveals sloppy writing and editing. And for a man who insists on the importance of humour, he seems utterly humourless No-one with a funny bone could write such po-faced material as "Someone tells you that your accountant has defrauded you. You listen and then say 'po.' This means 'I have taken in what you have told me but I am not existing.

told me but I am not switching into an emotional or reaction pattern right away."

Bono's patterns that he continually repeats his examples. But

There are many passages

that appear to bolster the author's ego rather than to inform. Lateral thinking, he tells us, is now included in the Oxford English Dictionary. though inadequately defined. A Cambridge lecture he gave had one of the largest attendances on record. One page describes how the organiser of the 1984 Olympic Games had found inspiration from Mr de Bono's lectures on lateral thinking; later the story is repeated as an excuse to attack The Inde-

By the end, my feeble brain had spotted one of Mr de Bono's patterns. The image is of a guru, appreciated by his public but denied proper recognition by the media and the establishment. As Jonathan Swift said When a true genius appears in the world, you may know him by this sign, that the dunces are all in confederacy against him." The title of the book may be more revealing than the author intended.

Philip Coggan

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### Sleuth in the making

erary sleuth: you give him an exotic name, some catchphrases to repeat, a few quirks in dress or in eating habits. And voila! Elementary! Just use a few of the little grey cells. But, as Anne Hart's thorough and perceptive study of Dame Agatha's own Poirot amply demonstrates, the pro-cess of sleuth-making is not so simple as it can seem and the Belgian genius is far more than

TO THE outsider it might seem easy to devise a successful lit-

egg-shaped head, a conspicu-ous moustache and a strong dislike of le five o'clock. Mrs Hart covers the ground thoroughly and from various angles. First, she runs chrono-logically through the formidable Poirot canon (33 books and 56 stories), then she examines various aspects of Poirot's

a funny-looking man with an

THE LIFE AND TIMES . OF HERCULE POIROT by Anne Hart Pavilion £14.95, 264 pages

character, his set of mind, his choice in friends. She does not neglect the distinctive idiosyncrasies, but she looks into deeper, more significant tastes, including his taste in crime

The author also underlines the changes in Poirot's world reflected always in the adventures - over the decades in which the detective operated. In the course of his career, Poirot saw certain favourite scenes of crime alter or vanish: the great country houses fully equipped with observant staff, the luxury international trains have disanpeared. If Poirot were still functioning he would probably be asked now to investigate computer crime Complemented by a scrupu-

lous bibliography, a list of Poirot film and TV adaptions, and a useful compilation of references, Anne Hart's handy study is not the usual, patronising piece of parody scholar-ship, in the Baker Street Irreg-ulars vein. It is a genuinely studious (but thoroughly readable) work. The reviewer can think of only one (frivolous) mystery left unsolved: how could a gourmet like Poirot, master of the perfect omelette, merciless critic of carelesslyprepared meals, harbour such a persistent affection for that dreariest of foods, the vegeta-

William Weaver

In his bold and pro vocative new book EDWARD DE BONO challenges the whole basis of western thinking I AM RICHIO YOU ARE WRONG from this to the New Renaissance from Rock Logic to Water Logic. Just published!

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Philip Cog ive new book BON0 e basis of ONG

### The troupes are in Other about emotional employees entire enter the extraordinary emotional employees entire embarrassing, not to say trouble again

Artistic finances are in turmoil, says Antony Thorncroft

after the Minister for the Arts, Mr Richard Luce, staggered the arts world by announcing an unexpectedly generous increase in the Government grant for the arts for 1990-91, most of the major theatre, opera, dance and orchestral troupes in the country seem to be in a state of

ry seem to be in a stage of severe financial crisis. This week Terry Hands, artistic director of the Royal Shakespeare Company, announced he was closing its Barbican and Pit theatres in London for four months from November in an attempt to stop its current accumulated deficit of almost cam growing to over £4.5m in the next twelve months and thus threatening the very existence of the

At the same time Mr Peter Jonas at the English National Opera is contemplating life without the crucial fim-plus his company has received in recent years from Westminster City Council, while Jeremy Isaacs at Covent Garden has hardly finished settling a tax-ing labour dispute with his dancers to confront a San deficit. He also has the task of somehow raising \$40m by the end of the year or seeing his cherished plans for the modernisation of the Opera House

slip away. Only at the Royal National Theatre is it business as usual. although even here Richard Eyre is switching the Lyttelton theatre to a cost saving policy of extended runs rather than the expensive repertory sys-tem, which had been the basis

of its operation. The situation is no better outside the Big Four national flagship companies. English National Ballet, another victim of Westminster parsimony, faces both film-pins debts and the trauma of losing its artistic and managing directors almost on successive days. The South Bank Board, guardiens of the Festival Hall and the Hayward Gallery, also has a film short-fall and is pulling in its horns: its attempts at wage economies led to a debilitating strike with its staff and it was unable to deliver the £65,000 backing it had promised for an adventur-ous season of music by Ligeti. In the regions one company, Kent Opera, has already shut up shop. Another, the Leicester

Haymarket is sacking staff as it contemplates an awesome 5500,000 shortfall. The Weish National Opera and the Hallé Orchestra have severe finan-cial problems, which threaten their planned programmes, as on the two main subsidised theatres in Liverpool, the Everyman and the Playhouse. victims of a financial eye-ball to eye-ball confrontation over funding between Liverpool Council and the Arts Council. Another north western arts institution, Northern Ballet, is so fed up with penny pinching Manchester that it is switching its headquarters to more we coming Halifax. These are the more vocal sufferers; the arts world generally is in turmoil. .. Why? Well, it can be seen now that the Government's aid was too little, too late. The Arts Council, which distributes the Government's largesse, gave the Rig Four companies 11 per cent rises for 1930-91 but it had kept their average annual grant increases over the previous four years to little more than 2 per cent. This led to accumulated deficits that

UST THREE months sa Terry Hands says, the extra £179,000 in real terms which the RSC is getting hardly pays for one new production. Most regional companies got just ? per cent more, no real rise at

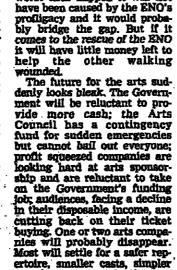
But haven't we been here before many, many, times, with subsidised arts companies whingeing on about their lack of grants? Yes: and it is unforor grants; yes: and it is unfor-tunate that the realities of their situation should have hit them so soon after they received a cash injection which was supposed to remove them from the political sgenda.

Of course weak manage-

ment, usually built on the belief that someone - Govern-ment, commercial sponsor, local council, rich patron will step in at the last moment and rescue something as obviously worthy as an arts company from mounting deficits, cannot escape responsibility. The myth that a brilliant creative force can also be an effec tive manager is dying hard. Both skills suffer. Terry Hands, for example, has to spend two-thirds of a long working day trying to plug financial out-goings and courting sponsors for extra resources while his main expertise is as a director.

Dut it is odd that the RSC should are its London base just three weeks after announcing a full programme for 1990-91 and a matter of days before a new artistic director is amounced, Undoubtedly over ambitious projects in the past

a couple of years ago the
RSC had spread itself over six
theatres — and a fall in auditheatres — and a tan in atan-ences from over 85 per cent to 75 per cent (due to a fall in artistic flair?) — has played a part in the current shortfall. But on the other hand the RSC exists to perform and there must be general admiration for a company that last summer was entertaining 50,000 people A week



sets, fewer new productions, or

co-productions. The arts will lose some of their zing and the

If the RSC has proved over ambitious in the past Covent Garden is over ambitious in

the present. Its new general director, Mr Jeremy Isaacs, is committed to improving the quality of its output and fresh-

ening up the repertoire with

new productions. He believes that if he can lift the morale

and critical acclaim of the

House the money will some-

how follow. But too many of the new productions have been lambasted by the critics and although audiences are excel-lent the missing millions have

yet to materialise. Jeremy isaacs is now thinking the unthinkable - cancelling pro-

Peter Jonas is keeping a low profile at the ENO. He still hopes, as does the Arts Coun-cil, that Lady Porter of West-

minster can be persuaded to

maintain her support for the opera company. The Arts

Council knows that if the

worst does happen it will not

ductions.









### Password to the Pentagon Continued from Page I

are too large to be spray gun-

ned away by a one-off rise which, after inflation, is little

more than 3 per cent. Indeed,

the backer's calls originated. And it seemed sometimes that US officialdom was about as helpful as if it were on the Bulgarian payroll. After long delays, warrants for phone taps were obtained but they led in haffling directions, first 20 Oakland in California, and then to the defence contractor, Mitre, on the east coast. Since

the authorities refused to tell Stoll that the trace led to Mitte, he had to deduce this from snippets of overheard conversation and some undercover work of his own.

When Mitre refused to believe that its "secure shop could be intested by a backer. Stoll turned poacher and hacked right in (Log on: Mitre, no passoord needed). In 22 minutes he discovered a facility which allowed him (and Hess) to dial any computer in the US, with Mitre paying for the incoming as well as the outgoing calls. For good measure, Stoll connected to one of Mitre's associated computers as Guest and discovered that someone had set a Trojan over in East Berlin, was not Horse to steel passwords, ... secret.

In his book, The Cuckoo's Egg, already a best seller in the US and due to be published in the UK on Tuesday (The Bodley Head, £12.95), Stoll says of his adventure as a Mitre-hacker: "It felt exciting and forhidden. Any minute I expected someone to send a message on my computer screen, We caught you, come out with your hands up.

Hese, by contrast, must have felt pleasantly secure, for every time someone caught his entennae in a military computer - they were not all dozy - the trace vanished in a big installation with many hundreds of respectable users, like LBL or Mitre and then from Mitre to Bremen, with many other possible routes and stopping places. But Hess was over-methodical. He tended to use the same route and the same usernames: Hunter, Sven-tek and - another clue - Benson (password: Hedges). This enabled Stoll to piece together his route, bit by bit, until the German Bundespost traced the call back to the final stage; Hess's apartment. Police swooped a few days later.

It was later alleged that Hess worked with two others, Peter Carl and Dirk Bresinsky, who are standing trial with him. They are claiming that the information obtained, some of which Carl admits was handed

Whatever the court decides Stoll thinks that their exploits prove that hacking could potentially be immensely damaging to security, even in a period of Cold Thaw. He said in London on his way back from the trial: "Once he is a super user, a hacker can change com puter codes. That means he could subtly alter the design of a rocket or an aircraft, in ways that a contractor wouldn't spot...

So how easy will it be for the next hacker to become a super cuckoo in a "secure" system? Absurdly easy, perhaps. Most new computers are shipped with the door to super user status flung wide open, because the new owner must be given an obvious log on like Field! Service to set up accounts and lists of users. Often, however, managers forget to disable these master accounts or to protect standard passwords like UUCP, which modern machines use for talking to each other. Such failings will doubtless keep hackers alight with devilry, as this dialogue between Stoll and a hapless manager shows:

Stall: "Someone broke into your computer through the UUCP account. He became system manager and added a new

System manager: "Well I'll be damned. What's the UUCP

### repellent. If somebody bursts into tears in anguish in front of you, I think your first human reaction is not, as one would like to think, to comfort them but a kind of revulsion — which is why we directors always say to performers if you want the audience to cry, do not cry yourself, if you want the audience to feel, he very careful that you are not

indulging your own emotions." In any expression of emotion in thea-tre terms, a mask comes into operation which makes it possible to govern and form the emotion, making bearable for us, the viewer, to watch and to appre-hend it. In Shakespeare, it is blank verse or the actual form of the prose. In all great writers it is the form of the writing, the rhythm of the writing. Mere naturalism expressed as a shrick of emotion is repellent and not finally

of emotion is repellent and not finally very convincing.

In opera we visw, perhaps, the greatest mask of all. We pretend that someone singing is not in fact singing but speaking, and we pretend that that expression is their feeling. The convention of opera is therefore as particular and in a convention of opera is the refore as particular. and in a sense as artificial as the convention of Greek drama, where we know that the great mask, the full mask over the face, made it possible to scream behind the mask without that factor of repulsion. That is the basis of opera. You take words in an emotional, dramatic situation and you set them in a musical line which will be emotional.

a musical line which will be emotional. There are many concomitant advantages which the straight theatre cannot have. In a sense, the size of the emotion can already be bigger, because singing expresses both physically and emotionally a greater level, a greater intensity of feeling. There is also the paradox that it is possible in opera — and the whole of Mozart is built on this basis — to sing to your fellow character the to sing to your fellow character the normal social lie of ordinary intercourse, then to take the mask off your character and say to your audience in an aside, "What I really feel is this." So it is axiomatic in Mozart that characters in arias always tell the truth because they are speaking directly to the audience, as do characters in ensembles, often in a quartet, a quintet or a sextet. The characters are saying the same words with entirely contradictory meaning at the very same moment, making us go from one to another as if we were cutting a film. So at the same instant we can have six different feel-ings: that is the magic of this convention of opera.

The first meaning of opera is undoubtedly the music. You can say that only from the libretto does the composer find what he wishes to express; only from the dramatic fable can be be inspired to compose what he can be to compose a part the presenting as wants to compose. But the meaning as far as we the audience apprehend it resides primarily, in my view, in the music. It is the oldest debate in opera which is first, the music or the words. The words may come first because they come before the music, but in terms of precedence of experience there is no doubt in my mind that the music comes first and the words a long way second. It is only perhaps in the very earliest days of opera, the dawn of opera, when Monteverdi took a small group of musi-cians and improvised a dramatic back-ground to what the singers wanted to say, that the words have actually been as important as the music. So there is paradox number one.

There is a lie to this debate about words and music though, a peculiarity in opera. I have often detected that audiences are quite furious when opera means something - particularly Moz-art, and especially Wagner. Audiences do love to lie back and allow the sound to wash over them, the music to take precedence to allow them to fantasise so that actual, literal meaning or even poetic meaning is sometimes thought to be quite disturbing. Another paradox. Are we dealing pri-

marily with a dramatic experience or are we dealing with a musical experi-ence? Again, I feel that the primary course is music. It is only if you can get a complete fusion of the drama with the words and the music that you can actu-ally deliver this hybrid beast called opera — which is more than music, more than drama, more than poetry and which exists in an incandescent

way very, very rarely.

It is increasingly popular, which is another paradox. It is theatrically vivid and tremendously artificial, and that in an age of naturalism. Most plays that we see pretend to be documentary actu-ality. You turn on the television and see ality. You turn on the television and see something extremely artificial, an electronic image which represents what people were doing some time before in a certain situation. Yet we pretend that it's real, and if they don't actually speak something which is a simulation of naturalistic dialogue, we find it artificial, over the top, not really television. There haven't been many great poetic dramas written for television, nor do I think there are likely to be. Yet opera takes rather grandly to the screen—it's a record of an outside, extraordinary event, and it's artificial—it never pretends to be anything but artificial pretends to be anything but artificial and it's popular.

Most surprising of all, the increased popularity of opera is seen perhaps at its height in America, the most natural-istically based place in terms of theatre, chema and television and I think that paradox, that extreme, is very interesting. With the increasing popularity comes an increasing anxiety, because opera is extremely expensive and likely to become more so. It is labour intensive and very hard to get right; and because it is so expensive it is necessar-ily elitist, and because it is necessarily elitist by some people it is thought to be socially undesirable, and by others it is thought to be socially flattering.

It is terribly easy to get sponsorship

for opera. Those who sponsor feel they are moving into a golden 19th century age where they become the aristocrats in the box. It is terribly hard to get sponsorship for new drama because there they feel they are doing nothing of the kind. So there is another division that you can see in operatic life. The great houses, which for the most part are based on 19th century models and are for the socially elite as well as the peoples' operas, which try to be democratic and much more available, become increasingly expensive because of the peculiar nature of this theatrical form. As you all well know, given a huge orchestra, a huge stage, a huge

## Peter Hall

PARADOX OF OPERA 

chorus and the kind of fees that opera singers, because of their rarity, can command opera remains very very expensive. Yet we pursue it eagerly throughout the West.

I believe that the pursuit and the turnover of our repertory in opera and in drama, which has reached almost desperate proportions in the last 50 years, is very much because we increasingly look to art as a religious experience since socially religion is on the decline. We turn over every piece of work hoping that it has some answer, or at least if it has no answer, that it is asking the right question. So you look at opera and you see us trying to do

This is remarkable and entirely laudable, but one of the reasons that we have to do it is because opera may be becoming increasing popular but it is also becoming increasingly old. The repertory is ageing at an alarming rate. I doubt if there are more than half a dozen operas which are absolutely mandatory for the repertory that have been composed since the 1920s. If you look at 100, 110, 120 years ago, opera was truly popular, truly appealed to a mass audience, certainly in Italy and in Germany, and there were masterpieces being added to the repertory at a very great rate. This doesn't happen any more. I think one of the problems is the

general crisis in modern music which, marvellous though much of it is, has become so specialist that a composer now, instead of sharing a lingua-franca, practically has to reinvent music before he sits down to write each opera, so it takes years and years and years for him to write. Certainly he cannot think in terms of months or weeks as Mozart or Verdi could or had to do. So the ageing repertory makes it an even more speThank God that I am the only one." And then I move back to opera and I say, Thank God once more to be working in music and to have the collaboration of a great conductor."

Now this is crucial - and there's another paradox. We now expect productions to be at a level of finish and a level of achievement very much the same as we expect in the theatre, but the director's hand is tied behind his back unless he is working with a good conductor. The norm in most large opera houses is that the director arrives, stages the opera, does the moves and then, rather more than half way through the rehearsals, the conductor arrives, begins to rehearse and says "He can't see my baton."

That is the pressure of ordinary opera work, and the kind of staging that you can produce in those terms is a lot of singers like frightened rabbits, all star-ing at the man in the middle of the pit. They don't look at each other and they are mesmerised by him. Real work on an opera - paradox again - means that the director and designer should be together from day one: the way the director stages it affects the way the conductor conducts it and the way the conductor conducts it affects the way. the director stages it. It is a total inter-action where you discover the work together. Rare, very very rare. Why? Time – pressure – money. The time of the conductor – why should he sit around while the director figures out what to do? He would be better off doing some concerts. So it is very rare, that really proper collaboration, but it is the only way that anything works in opera, which is organic.

Operatic acting against theatre acting is noticeably different, alas, in most cases. I have spoken of singers mesmerised by the conductor. What is very rare

Sir Peter Hall, equally distinguished in the fields of theatre and opera, gave the annual Financial Times Arts Lecture last Monday in London. This is an abridged version of his talk

cialist and rarified art.

The result of all this is to product the subjective school of directors. Now I detect another extraordinary

paradoz here. At a time when my musical colleagues are feverishly searching for the first text, the earliest text, the purest text, when we are wondering about original instruments, original sounds, when the style must be pure and historically accurate, at that moment of musical purity - dramatically we are saying, "Well if the man said he wanted a ship, the last thing we must do is give him a ship. What he actually meant was he wanted a bus." Now, it's easy to make fun of my

colleagues and myself on this ground, but all I would say is this: I don't really believe that our job as theatre directors or opera directors is to indulge our own subjective fantasies. It's pleasant, some-times it works, sometimes it doesn't and no great harm is done because the plece is still there laughing at you if you've made a fool of yourself, but our actual job is to try to discover what the composer, what the writer, meant when they wrote it, and then reinterpret that meaning in terms which our audience will actually understand and accept. That is usually very complicated and very full of contradictions. It is much easier to do a concept production where you set it all in the Weimar Republic or modernise it in some way.

This kind of conceptual work, of

courses, releases a type of design which sometimes seems at total variance to the music. For me, the design of an operatic production must look like the music. I find it quite hard to define what I mean by that pretentious remark, but there must be some period reference, although it doesn't obviously need to be archaeologically or antiquely precise in the mode and period of the music. There also has to be some tex-tural reference in that if the piece is about a door, there must be a door; the literal things; these are often neglected. You will see, therefore, that I am not a whole-hearted supporter of my own

I oscillate like a man not sure of his country between opera and theatre. When I move to the theatre I think to myself. "Thank God that I am once more in charge of the tempo and the tone and the atmosphere and the pauses, and how it actually works.

in opera, and totally necessary, is that singers play with each other, look at each other, inflect with each other just as actors do. This requires again an enormous amount of rehearsal. Another paradox therefore is that, providing you know the notes and can deliver the notes and sing the notes, you can get away with something which is fairly inept dramatically and actually hardly notice who you are singing with Six actors recreating a scene together on a stage are entirely dependent on each other for the cue, for the tempo, for the atmosphere, for the mood; if one of them is selfish or ungiving, the scene doesn't work. Not so in a sextet, if music is churning on, but how much better if they actually relate to each In the theatre you have a text -

doesn't tell you how fast it should go; doesn't even tell you where people should stand; doesn't tell you how long you have got to proceed from A to B. An operatic score says this is the timing, this the dynamic, this the atmosphere, this is how long you have, you cannot do anything else. That is what we mean when we talk about being musically literate when you stage an opera; not that you can play the piece, but you respect the timing that is built into the score. So you're given, as it were, the end result and you have to say to the singer, "If that is the end result, what will you have to feel inside in order to make that the end result, the true expression of your feeling?" So you work back to front, the opposite

way that you do in the theatre.

The interesting thing is that when you are working with great singers the end result is the same thing. Great acting, which looks quite effortless, looks as if speaking blank verse or singing a de capo aria is the only possible way to express that particular emotion. Singers are much like, in my experience, what I would think circus performers are like; athletes, acrobats, people of high physical prowess with a high physical technique who can do something that nobody else can do which is extremely difficult; and they are extremely proud of it and, rightly, extremely jealous of it. So you get the other paradox of working in opera. Actors will rehearse until they drop, singers will never get near dropping - they go home much before, and quite rightly. They have to

So another thing you have to get used to when you are working in opera is that singers can't rehearse out; actors speak out all the time. They find how they breathe and how they live, how they can do the scene. A singer who did that for three hours would have lost

their voice and would find it impossible

to sing anything for the next month. I often think when I see the prowess of a cast of top opera singers and the prowess of the orchestra accompanying them what an extraordinary amount of technique, of practice, of talent, of learning has gone into that, and I feel ashamed that the parallel technique, the technique of stagecraft, of rehearsal, of acting, of stage management, of use of the stage, use of the set, is nothing like as high. It could be and it can be, but it takes a great, great deal of time and a great deal of money.

I suppose it's because of that that over the last years we have heard cries from various quarters that we should blow up the opera houses and restart the whole idea of opera. Opera houses are 19th century models in many respects: they are uneconomic monsters and even their social structure is a mir-ror of the 19th century society. You have to have the chorus, who by definition are almost second class citizens, because of all those chorus operas.in a ballet company, the corps de ballet are full of eager young hopefuls on their way to being socialists . . . I mean, soloists. It is very rare, very rare indeed in an opera chorus to have people who are going to become soloists: they are contributing a necessary, hundrum job because of the nature, the class nature, of much 19th century opera; you have the peasants, or the soldiers or the bystanders giving a little support, while the soloists take the centre stage.

But in a modern opera house the dominant factor, I think, is the orches-tra. I know that when you are doing an opera, once the orchestra arrives it's as if a great tank was proceeding to run over your work because it cannot stop. it cannot change, it cannot be altered. The orchestra has a three hour session and at the end of the three hours they stop. So on an orchestral rehearsal of most operas there is only one objective: to get through. So in a way I feel that the opera house is dominated by the orchestra; and then I look at them, third class citizens underneath the stage having no idea what is going on on the stage, and I feel sorry. I dream again of Monteverdi and his musicians improvising with the singers for six months and making an opera together. We could not afford to improvise with the London Philharmonic Orchestra for six months.

Another problem is the shortage of singers. It is a paradox that, as opera becomes more and more popular and we make more and more demands on opera singers - that they can act, that they can look right, that they are musically expert - there are fewer and fewer singers and more and more opera houses. A lot of wonderful new singers come out of America and a lot of wonderful new singers are coming out of Australia but the demand far exceeds the supply, so to do an opera you have to cast it at least three or four years before you want to do it.

One thing bothers me about modern opera singing. That is its blandness, the needs of the recording industry. It you listen to the greats on those old. scratchy records you hear them take the most extraordinarily liberties with line and with emphasis in the interests of their own personal interpretation. It is in fact dramatic, unique to them. Now, if you do that on a record it may be very exciting the first time but at the 10th time of repetition it can often, I suppose, irate, so singers are encouraged not to do anything like that, to try and keep the line intact, certainly not to do anything idiosyncratic.

It is very hard to be dramatic if you are not idiosyncratic. It's the essence of it. How Ollvier speaks a speech of Shakespeare is quite different to how Gielgud speaks it. I think there is a great plastic blandness settling over things and I think that is anti-drama.

So everything I say makes my case that there should be less opera. I say that aware of the fact that I am putting myself out of work, aware of the fact that I am denying audiences, but it seems to me that we are stretching a very limited resource wider and wider and except for rare examples where proper preparation is the rule, the ordi-nary repertory opera that you can see in Europe or in America is so undra-matic that frequently I would much sooner sit at home and listen to it and just imagine what was going on, because my imaginings are going to be much more fervid and dramatic than what I see on the stage.

Opera started as a festival activity, a special activity, and I think it still is one. Only in festival conditions of really long preparation can you get the bal-ance. For instance, one of the great houses of the world now has a double cast for everything and oscillates the changes after the first night so you never have the same cast at any of the performances. This seems to me a total demonstration that relating to each other, knowing what each other is going to do, is unimportant - and meaning goes out of the window. Unfortunately that kitsch form of opera, which I think it is, which you can snigger at and you say "dear old opera, I love the music but of course opera sing-ers can't act and it's so silly" — does

So my paradoxes are these: Opera is a theatrical form that puts musical expression first but where the music making is frequently endangered by the drama, and the drama is, alas, frequently ridiculous. It is a fusion of words and music where the words are usually incomprehensible or inaudible. It often has a style of acting which is rudimentary, if not embarrassing. It's a form of theatre where the repertory is mostly very ancient. It's something elitist desperately struggling for populism. It's a sublimely ridiculous art because the suspension of disbelief is so easily attacked, breeding a dreadful tolerance.

But at its rare best it is a complete theatrical expression, and I know noth-ing which is higher as a form of theatre than opera when it works; which is of course why I try to do it, and why you pay money to see it.

### Experimental master of light

Anthony Curtis reviews the Joseph Wright of Derby exhibition at the Tate Gallery

exhibition which opened earlier this week at the Tate Gallery is the latest in a series of shows there of the work of 18th and 19th century British artists. Compared with previous exhibitions of Constable, Gainsborough, Stubbs, this time the painter is for many something of an

unknown quantity.
Wright's rehabilitation
began in 1968 when Benedict
Nicolson's Joseph Wright of
Derby: Painter of Light impressed his importance upon the art world, but for most people it has not been easy to see his work as a whole. Now with this beautiful and stimulating exhibition in our midst until April, when it midst until April, when it travels to Paris and then New York, there is the welcome opportunity to understand why Nicolson insisted upon the uniqueness and variety of Wright's paintings.

Born in Derby in 1734, Wright remained there for the whole of his life working as a

whole of his life, working as a portraitist, accepting commissions from local friends

and acquaintances. He retained the "of Derby" as a trademark even when he had become famous. His affluent Midlands sitters, their wives and children, wear formal attire, a velvet jacket or low square-cut silk dress, painted with a sensuous feel for the texture of the material It is when he comes to the facial expressions that Wright reveals his insight, as in his portrait of three little girls, two standing and one kneeling. The kneeler is a black girl, no doubt the daughter of a servant. The faces of these children show how completely they have already accepted their stations in life.

From portraits we move to a room full of "candie-lights," representing Wright's most arresting and experimental work. Whereas the drama between the girls was largely concealed within the convention of a formal conversation-piece, in the painting, "Two Boys Fighting Over A Bladder," it has become open, violent

blaze of light on his features from a candle-lit source. His assailant appears only as a sinister, nebulous black

shape.
Was Wright a deliberate tenebrist (an artist who depicts objects in heavy shadows) drawing strength directly from Caravaggio? Or,

He was one of those rare people who, while pleasing his customers...pursued his art to its limits'

as some authorities suggest, was he primarily indebted to the inheritors of that tradition, the Utrecht School? Above all, did he know of the work of Georges de la Tour? There seems to be no evidence that Wright was aware of the 17th century French painter's treatment of candle-light, yet

eyes and stretches back his the sense of kinship between head in agony. His torment is them is overwhelming.

Air Pump" transmit to us not them is overwhelming.

The pump transmit to us not them is overwhelming.

Wright made one visit to Society's work but the Italy where he observed Vesuvius erupting, a spectacle he painted many times, but for the most part he was home-based. Among his friends were some of the best minds of

the period. His physician was

the period. His physician was Erasmus Darwin, grandfather of Charles, botanist, chemist and astronomer who wrote a long poem about plants.

Darwin's catholicity of mind was typical of Wright's circle and of many innovative people in the Midlands during this period. Men like Josiah Wedgwood, James Watt, Joseph Priestley and Matthew Boulton were avid in search of new scientific knowledge. They wrote to each other often to this end and from 1764 they this end and from 1764 they formed the Lunar Society to present papers and the results
of experiments to each other.
Wright's two finest
paintings, both of which are on
show, "A Philosopher giving
that Lecture on the Orrery in Which a Lamp is put in place of the Sun" and "An

Experiment on a Bird in the

Air Pump" transmit to us not merely the nature of the Society's work but the excitement generated by a demonstration of it to a privileged group.

An orrery, named after its patron, the Earl of Orrery, was an early kind of planetarium. It showed the movement of planets around the sun in the

planets around the sun in the course of a year. The venue would be in darkness with light emanating from within the centre of the global working model and falling upon the spectators closest to it. Wright captures this brilliantly, as he does in its companion picture where a much crueller experiment is being performed upon a live bird. Wright observes the different reactions of the

people watching.

In the rooms that follow there are further examples of Wright's handling of spectacular effects of light: a blacksmith's forge with a piece of iron in a state of of iron in a state of incandescence, a rainbow illuminating a lonely country landscape, fireworks at the Castie St. Angelo, Arkwright's

foul-tempered martinets, from

Yet, behind this pukka

fac ade, one chairman suggested to Herbert that he seduce the saleroom correspon-

dent of The Times in an

attempt to stop her exposing some of the procedural lies

while a later chairman suc-ceeded, briefly, to the job even though his colleagues knew

that he had lied about the

results of a New York auction.

But, however badly Chris-

tie's comes out, Sotheby's natu-

rally suffers even more. The driving force behind its growth, Peter Wilson, was pre-pared to go to any deceits to

secure valuable properties.

When the Americans bought

Sotheby's to clear up the finan-

cial mess that Wilson bequeathed it, the new owner, Alf Tauhman, showed himself

to be equally financially

manipulative, comparing the purchase of art to the purchase

of root beer - both unneces-sary but both providing a

The old familiar stories get a

welcome airling, from the extraordinary scenes when Christie's in London sold Rem-

brandt's portrait of his son Titus for 760,000 guineas in 1965 to the disaster of Chris-

tie's first sale in New York.

OHN HERBERT spent almost 30 years of his life

selling Christie's to the

'A Philosopher giving that Lecture on the Orrery,' one of Wright's finest paintings

Cotton Mills at Cromerford lit up against the night sky. In spite of that painting, Wright found much more inspiration in the 18th century cult of sensibility than he did in the dawning industrial revolution. He made paintings of Sterne's melancholy Maria, and its

scene in Romeo and Juliet in which the heroine's long raised left arm and outstretched hand match the eloquence of the here, typifying chastity, and so is the widow of the Indian chief, typifying lidelity.

Even in such period

Chained Captive, the Mother with her Baby, Wright found a manner of presentation that was entirely his own. He was one of those rare people who while ostensibly pleasing his customers was capable of pursuing his art to its limits and surely thereby pleasing

### Czech follower of Picasso

Robin Duthy makes some 'paper' money purchases in the salerooms

AT SOTHEBY'S London sale of Impressionist and Modern paintings on February 21, I shall "bid" up to £9000 for "Homme Fumant" by the Czech artist Emil Filla (1882-1953). This is a mature work done in 1948, probably in Prague to which he returned on leaving Buchenwald where he had been interned by the Nazis for his "degenerate" art.

Over the 1907-14 period Filla had moved around Europe assimilating German Expression.

milating German Expressionism and the Cubism of Braque and Picasso, later becoming the leading figure in a flourishing school of Czech Cubists. Well represented in the Prague National Gallery, he is one of many East European artists whose work, with the removal of the Iron Curtain, may now become recognised and avail-

painting is clear enough, yet the image has its own originality and strength. Furthermore, the profile-cum-frontal view -Picasso's fourth dimension and the shotgun nostrils are less severely handled than with Picasso. Sitting perhaps in a bar, the smoker is fully involved in the act of smoking, mouth open, lips at the ready, shoulders hunched, the left hand splayed out to support the body in readiness for a deep drag. From the cigarette meanwhile, there rises an innocent plume of smoke. In 1948 the cigarette was not seen as the killer it is today, yet this can be read as a study in addic-

tion nonetheless At Christie's New York sale on February 26 I shall be "bidding" up to \$80,000 for a Louis Valtat still-life of flowers and apples. No Expressionist flower painter can avoid comparison with Van Gogh, and on that basis Valtat can look a bit dull. Yet as one of the original Fauves at the Salon d'Automne

"ART DOESN'T represent cheques," Lydia Winston Mal-bin once said, referring to the

fact that none of her fabulous

collection of 20th Century art was for sale. But now, almost

30 years later, it is for sale — complete; and Sotheby's New York estimate that it will fetch

up to \$85m when it comes

under the hammer next May.

As they have guaranteed the sale, they should know.

The auction will mean the

break-up of what is probably

the greatest collection of

Futurist art in existence: a col-

lection that was assiduously sought after by many of Amer-

ica's major museums, includ-

exhibition of in 1905 he produced astonishing landscapes, although his creative pulse weakened once Matisse went

his own way. Yet Valtat's colourful, com-plex patterning of flowers, fruit and draperles reached a new maturity in the 1930s and '40s.
The going rate at auction for a
mainstream Valtat is still just
£12,000 reflecting the enormous supply of his work. A hundred and forty paintings were auc-tioned last year alone. This must be a negative factor in assessing investment prospects, yet it means that you get better value for money. If 140 van Goghs were auctioned each year, prices for his work would be a lot lower, but it would not mean as an artist he

was any less great.
Finally, I "bought" from a recent exhibition put on by Karsten Schubert and Rupert Wace at 85 Charlotte Street a mysterious Celtic sandstone bust. It was found near Otley in West Yorkshire and was carved some time between 500 BC and 500 AD. The head is powerfully carved with promi-nent eye-lids, triangular nose and a fine Celtic Colonel's moustache. The forehead is carved with the "striae" or worry lines" - that are often more deeply incised on Celtic

head was perceived as the centre of the personality and the seat of the soul. Its significance for them was akin to that of the Cross for Christians. These sacred, deified heads were often placed close to springs, pools and rivers, acting perhaps as talismans. Often the top of the head is hollowed out to make room for an offering. The £8000 I "paid" for the 49 cm bust seems a modest sum for a one of the rarest and earliest art-works to have been produced in Britain.

For the Celts the human





Up to £9,000: "Homme Fumant" by Emil Filla, to be sold at Sotheby's in London on February 21 (top); and for Louis Valtat's still life in Christle's New York sale on February 26, up

### The other side of the hammer



John Herbert of Christie's with Rembra

American millionaire-Norton Simon had expressed an interest in buying Titus but insisted on a complicated hidding procedure involving him bobbing up and down like a yo yo. In the heat of the auction he totally ignored his own system and the picture was knocked down to the rival Marlhorough Gallery. Simon exploded and forced a re-run from which he emerged triumphant. The Marlborough behaved like gentlemen and accepted a very

suspect sale. Christie's debut Impressionist sale in New York in 1977 was an unmittigated disaster, with over half the lots unsold. In fact it proved even worse than that because the most expensive picture that did sell, a Van Gogh, went to that rare species, a rogue bidder who subsequently proved to have no money. Trying to sell the results of this auction to the

press was Herbert's worst At least Herbert came clean,

duction to Futurism.

chase came the couple's intro-

which had a certain depen-dence on Cubism and dated

This Italian art movement,

A couple of years later David Bathurst, who by clever wheel-ing and dealing had built up Christie's Impressionist busi-ness in New York to rival that of Sotheby's, found himself offering eight choice pictures to a blank audience. Only one sold. Fearful of destroying art world confidence he was eco-nomical with the truth and

> vendor sued; Christie's was caught up in fearful legisla-tion; and Bathurst's reign as a reforming chairman in London came to a sudden end. Fortunately, there have been relatively few bad sales in the past three decades. Stock markets may get the fitters, the price of art has risen mexora-bly, to the amazement of insiders and the benefit of the auction houses, who despite, or perhaps because of, their questionable ethics, have become

invented a few buyers. The

one the few great British success stories. In 1969 Christie's produced thin uninformative catalogues

for auctions in London and had annual sales of £3.1m, while Sotheby's managed £3.4m. Last year Christie's turnover was £1.3b and Sotheby's almost £2b, with most of the business of both based on New York where individual lots can now make more than the annual totals of

three decades ago.

There is very little legislation controlling the running of an auction, at least in the UK, and practices like taking bids from the chandelier and pushing the price up to a fixed reserve even though there is not a bidder in the room must surely end soon. As must the look of casual insouciance with which auctioneers try to dis-guise bought in lots. A firmly announced "unsold" would not destroy confidence. Herbert writes of a delegation of Sotheby's and Christie's heavies visiting The Times to try and persuade its then editor Wiliam Rees-Mogg to prevent Geraldine Norman reporting on unsold lots at auctions, absolutely crucial to estimating the success of a sale. By maintaining obscure rituals the salerooms have only succeeded in creating the impression that they are more money grabbing and deceifful than they really

John Herbert is persuasive ments that have come about. The staff are now paid market rates; the departments run by trained experts; there is more openness, even if such unseemly practices as contacting rich widows while their spouses are barely cold con-tinue. Some of the fun has gone. The Young rips in the pictures department no longer invent artists like Lawrence Bastard and Van Essa Bell when cataloguing unknown

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bad painters.

It is nice to be reminded that the current Mrs Taubman was spotted by her husband while working at Christie's, to learn that during the Cuban missile crisis those strange Englishmen in Havana were Christie's directors invited over to discuss the sale of the treasures of the overthrown Batista regime; and that while auditing the treasures of Northwick Park the Christie's team could take time off for skiing on the lake.

Antony Thorncroft

New York Saleroom

### Futurist slap in the face

ing the National Gallery, Washington, the Detroit Insti-tute of Arts, the Met, the Whit-ney, and MoMA. But on her death last October at 91, Lydia Malbin dealt these institutions a sharp slap in the face by leaving them only token works: a painting by Otto Freundlich to MoMA, a Mark Tobey and two sculptures by Gaston Lachaise to the Whitney, and the papers of her father, architect Albert Kahn, persal of the collection. It is to Detroit. The Met must be content with a group of works by Boccioni and sculptures by Henry Moore and Antoine Pev-

sner that she gave it shortly before her death.

Mrs Malbin's decision to leave the bulk of her estate to her family has come as a surprise to many in the art world,

to share her treasures with stu-She came from Detroit. From her architect father she inherited a Monet, "Water lilles," and a Degas, "Dancer," both of which will now be sold (estimates \$8m and \$2m, respectively) tively). When at 30 she married a Detroit lawyer, Harry Lewis Winston, they became collec-tors. "From posters, we moved to Chagali – everyone starts to Chagall - everyone starts with Chagall," she was to say years later, adding that "the collection really began with Chagall, Vlaminck, Feininger and Soutine. Of course, even

> names but the work of people who seemed to be thinking cre-Mrs Winston (she married Dr Malbin after Harry Winston's death), thought creatively her-self, and in 1939 embarked on a full-time course at the Cran-brook Academy of Art in Michigan. She became an accomplished potter, and, together with Ero Saarinen and Pipsan Swanson, produced a line of hand-made everyday objects in ceramic.

then we were not buying

In 1938 she met Alfred Stie-

glitz, at whose American Place

surprising, because Mrs Malhin

was a studiously intellectual

collector, who developed friendships with artists, pre-

served every scrap of documen-

tation relevant to her acquisi-tions, and liked, above all else,

Gallery she was introduced to the work of American contemporary artists. But her serious collecting dated from the mid-1940s, and her friendship with Rose Freid, whom Lydia often acknowledged as having played a fundamental role in the formation of her collection. From Mrs Freid's Pinacoteca Gallery in New York, Lydia Winston bought consistently at this time: an Albers in 1946, a Mondrian (now estimated at \$5m-\$7m) in 1947; a Braque; and several works by Kurt Schwitters in 1948; an Arp sculpture; a Van Doesberg still-life; and an El Lissitzky collage in 1949. In the same period, she purchased, in 1949, a Calder mobile from the artist himself and, in 1946, a Jackson Pollock, "Moon Vessel" of 1945 from Peggy Guggenheim (now estimated at \$1.8m-\$2.5m).

Mrs Winston Malbin believed that "for the dedicated collector, the understanding of art must be a constant and continuing process of observing. The education of the eye never ceases." And so, in the spring of 1951, together with her hus-hand, she set sail for Europe and the encounters that were to change the shape of her collection and make it so remerkable in Rome they met the artist Gino Severini and subsequently visited him in his studio in Paris, where they bought one of his works, "Sea Dancer" (now expected to sell for \$2m-\$3m). With its pur-

from 1909-14, was both defunct and ignored by the time the Winstons discovered it in the early 1950s. Its principal exponents had been Carlo Carra, Luigi Russolo, Boccioni, Balla and Severini, and its manifesto had been written by the poet Marinetti. Lydia and her husband befriended Marinetti's widow, Boccioni's sister and Balla's daughters. It was mainly from these sources that they acquired the bulk of their Futurist collection: Balla's "Stairway of Farewells" and "Injection of Futurism" – the latter now estimated at \$3m-\$4m; 200 Boccioni drawings and the same artist's sculpture, "Fist" (estimate \$2m.\$3m); Rus-solo's "Perfume" (estimate \$200,000-\$300,000); and much else besides. From the start, the Winstons

lent their collection generously. One of the earliest exhibitions was in Detroit in 1951, one of the last at the Guggenheim in 1973. The works by Boccioni formed the mainstay of the Met's Boccioni show in 1988. Mrs Malbin had deposited - on loan only - more than 7,000 letters and documents relating to the collection with the Archives of American Art. But, from the museums who sought her collection as a gift, she wanted accolades and honours such as those museums would never give; and, as they never gave, neither did she. As a result, her sale promises to be the highlight of the New

York auction season. Homan Potterton





EDINBURGH COLLEGE OF ART HERIOT-WATT UNIVERSITY

### Principal of the College of Art

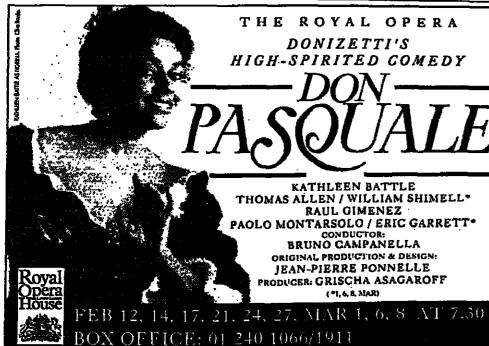
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He or she will be concerned with leading the College's academic and creative development and with the management of change in the context of the 1990's. Candidates may have an academic background or come from industry, commerce or the professions.

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about the post or wishing to draw names to the attention of the Appointing Committee are invited to write in confidence to:

The Secretary and Treasurer. EDINBURGH COLLEGE OF ART, Lauriston Place, Edinburgh, EH3 (DF Telephone No. 031-229 9311 (ext 271) to whom all completed forms should be returned by Monday 26th March, 1990.



### When Ma Rainey went to Hackney

Claire Armitstead reports on the problems of reaching and keeping a black theatre audience

HE NATIONAL Theatre returned to home base today to count the gains of a pioneering move to give the East London borough of Hackney a glimpse of Ma Rainey's Black Bottom, The choice of August Wilson's black American bines drams, part of the current Cot-tesipe repertory, for this first outing to the Hackney Empire typifies the National's valiant attempts to broaden and extend its audience through the least conspicuous part of its programming, its outreach work. The Hackney Empire, a fine late-Victorian music ball quite unlike the Cottesloe in either scale or atmosphere, has

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built up a sizeable black following. The National, conspicuously, has not.

In its highlighting of the lot of the American negro through the story of the singer Ma Rai-ney and her hand, Wilson's play would seem to provide an ideal vehicle for reconciling London's large and largely untapped black community with the white concrete citadels of the South Bank. Lest anyone forget whence the show had come the National's counter staff were out in force, staffing a table laden with NT merchandise for the trickle of people milling round the bar on the second night of the run.

pressed to find more than one black face in ten in an audience who whose average age must have been almost double that of the Sumire regulars.

This does not mean that Ma Rainey failed to get to the parts other National projects do not reach. "By the end of the fortnight we'll probably be sold out," predicted a becalmed box office attendant, and on at least two nights they were. But it does highlight some of the problems of gaining access to the huge pool of potential black theatregoers among whom popularity tends to spread by word of mouth; loy-alty tends to be geared to prodbookings are seldom made in For David Aukin, the

National's executive director. this creates an imponderable double bind which is at its most acute on the South Bank itself. "We have a very loyal audience for which we're very grateful, but there's a whole psychology about going to the theatre in general and the South Bank in particular. The very fact of getting people to the building for the first time is a task. Then there's the problem that people perceive us as being always sold out in advance, which often isn't true. Going to Hackney should be more like going to the mov-

Although the artistic risk of hlasting such an intimate pro-duction into the expanse of a proscenium arch theatre is quite considerable, the finan-cial risk of Ma Rainey's Hackney outing is minimal. For those engaged in a full-time battle to attract and provide for black audiences the stakes are high and the odds often painfully unpredictable.

The runaway success of the last few years has been the extraordinary musical pageant Black Heroes in the Halls of Fame, which cites a parade of historical figures – including, bizarrely, Queen Victoria – as the heroes of black heritage. It has had seven runs already at the Hackney Empire, stopped off briefly at the Astoria, and is rumoured to be en route to New York. Mention of the show elicits embarrassed bewilderment in the black theatre establishment, with the grudging admission that it seems to have hit a nerve — a nerve which remained resolutely unstimulated by the lav-ish, costly and artistically far superior Mass Carib. The lesson it has taught everyone working in this sector is, that black theatregoers will find a show that they like and will go back to see it again and again. Anion Phillips, a founder of the umbrella body Black Theatre Forum and producer of its 1990 play season shortly to open at Hammersmith's River-side Studios, believes that the ability to build a black theatre following depends on constructing a credible and con-sistent black theatre establishment, with its own artistic

man Rushdie's piece in last Sunday's Independent, and his

lecture, is Nothing Sacred?

(read for him by Harold Pin-ter), the BBC released on Tues-

day a year-old Kaleidoscope

interview, made when The

Satanic Verses was new. "Liter-

ature is an argument with the

world," was his theme; one must push out frontiers. "I thought I'd gone to enormous lengths to avoid offense," he claimed, when he symbolised his doubt in the stories of his

religion by putting them into a

Islam's charge, he thought, was not so much that he con-

tradicted its teachings as that

he caused doubt. This was con-

sistent with his principles, for to him the modern condition

was centred in doubt, with no

inviolable certainties. It was an interesting interview, but the

imams found some certainties

for him. Another whose present

repute doesn't entirely rest on his talent is the guitar-player Eric Clapton. Radio 1 gave him

two hours from the Royal Albert Hall on Saturday and

will give him two hours next

week, when we shall hear the concerto written for him by

Michael Kamen. An introduc-

tory feature, The Journeyman revealed the sources of his tal-

Kingston Art School was a social, not an educational boost. On another level, he

entered "a fantasy world" inhabited by Gene Vincent,

Chuck Berry, Buddy Holly ("the way he looked!") No time for Bob Dylan (currently competing for his audiences), only for himes — blues, that is, in

Chess No. 809

1 ... Rxb2+ 2 Qxb2 Bd3+ 3 Kc3 (3 Kc1 Ba3) Bb4+! and if 4



Jacqueline de Peza and Hugh Quarshie in the National Theatre's production of 'Ma Rainey's Black Bottom'

bases. Few now have any faith in the infamous international centre for black arts planned Council has stalled on the latest £4m development plan which would add an initial £600,000 of public money to the millions that have already

been spent. For want of a unifying outlet, fragmentary solutions have developed. Brixton Village and the rastafarian-orientated touring company Double Edge stand at one end of the spectrum, with with a scattering of small, sympathetic but generally white-managed theatres at the other. The black theatre season, now in its sixth year, sits in the middle with its aim of promoting black plays by black performers and producers for a mixed race audience. When the season started in Covent Garden's Arts Theatre in 1983 it had no competition, little precedent and hardly any andience. "No black person would have expected to find anything for them in the West End, so many of them didn't look," says Phillips, who experienced the same problem later

Radio

Frontiers pushed out

today's rock-and-roll manner.

The sound of an amplified gui-tar "killed all inhibitions."

The Albert Hall, "so genteel, so sophisticated," is the place

for this concerto, composed by Messrs. Kamen and Clapton in

collaboration. "It will depend," said Clapton frankly, "how much I can remember without ad libbing." My only available

expert, who presents a pro-gramme on an independent

station, reckoned "He's a bit

He is 45, not ready for

another spin-off from Radio 1, Will You Still Love Me?, which deals with the over 60s. This was produced by Radio 1's

Youth Programmes Unit under Sukey Firth, but comes on

Radio 4. I heard the first part of four on Wednesday. Men and women alike reck-

oned that sex was still a good thing, "better as I got older, the orgasm lasted longer." One

lady had her first organs after being introduced to the vibra-

tor. There was the natural

trouble that we (but perhaps not they) read about in Jake's Thing. The frankness shown by both sexes was a tribute to the skill of the interviewers.

Island Discs, with a different interviewer. We may meet that problem in one of the next

Tuesday's Radio 3 play

(billed under "Drama Now,

but originally broadcast in 1988) was Cecil Jenkins's The Singular Case of Sherlock H. and Sigmund F. F (for Freud)

is lecturing at Bart's, where

Watson meets him. H (for

Holmes) has lately suffered a

series of attacks suggestive of

the infamous Moriarty, who fell into the Reichenbach Falls

six years before. A mysterious

three programmes.

old now."

when his production of James Baldwin's gospel musical *The Amen Corner* transferred mis-erably to the West End from a sell-out at the Tricycle in Kil-

The last few years, he says, have been a process of educa-tion of both audiences and the theatre establishment itself. Marketing strategies have become sharper, and there is far more to market. Hackney pire, for instance, attribute to Black Heroes its valuable discovery that the best vehicle for publicity is pirate radio. But despite the bevy of black shows coming up in the next few months the central problew momins the central prob-lem remains. "There are very good things happening, but after close to 20 years of extraordinary growth in the theatre I still can't take my kids out any night of the week to see a black play," says Anton Phillips. Until people accept the theatre as their culaccept the theatre as their cul-tural due, they are unlikely to beseige the box office for oneoffs like Ma Rainey's Black Bottom. They are less likely to follow it back to the South

these attacks, with black eyes

and beard, like Freud's. Wat-son breaks into Freud's room

and reads his papers on the Oedipus complex. Horrible! that people should hate their fathers and desire their moth-

The fact is that Freud diag-

noses an Oedipus complex in Holmes, on pretty thin evi-dence. More, he suspects a gay

affair between Holmes and Watson (which is no doubt why he always calls Watson

"my dear.") It's a comic idea,

and gives room for some Hol-mesiana. But Lestrade says the

attacks were all the work of a madman, Hollingdale, and adds that Moriarty was no great

criminal, only an amateur. In fact the story fizzles out. But it was nicely played by Ronald Pickup as H, Andrew Sachs as F, and Norman Rodway as W.

John Tydeman directed.

Records

### Jazzy airs for player piano

carrow was a jazz trum-peter who studied composition with Piston and Sessions. Harassed by the American government when he came home from fighting the fascists in Spain, he retreated to Mexico and began to compose almost exclusively for player piano. This may seem an extreme reaction; but the music - more than 50 Studies so far, and recently some com-missions for live-performer pieces — is extremely fascinat-

For Nancarrow, the point of the player piano is not just that it can do technically bril-liant things impossible for pianists, but that it can realise the most complex rhythmic polyphony with superhuman precision. (The composer hand-punches his own planorolls.) His Studies have developed from canonic fantasies, often with jazzy airs and boo-gie-basses, to richly imaginative play with superimposed rhythms and cycles – possibil-ities barely tapped by other composers. And what's excit-ing about these is not merely the crackling ingenuity and wit of Nancarrow's constructions, but the discovery that for the ear, clashing rhythmic patterns generate further, mys-terious second-order patterns. The result is a kind of aural

equivalent to the paintings of Bridget Riley, and like her Nancarrow achieves much more than dizzying tricks: you have the sense that your ears are discovering things they didn't know they could hear.

No wonder that other composers – notably György Ligeti –
have found him a vital tonic. Yet a peculiarly American virtue of these pieces is that they are "popular" in two good senses: they speak directly in their own terms, without trading upon any sophisticated ingroup experience, and they cajole and reassure by sporting familiar jazz insignia.

The new CD (Wergo 60185-50) gives us Volume 5 of the

Studies – elaborate, gripping, unpredictable and superbly recorded from Nancarrow's own player piano. Susceptible listeners might like to go back to find their feet in the earlier volumes. They could also acquire Rolf Hind's new piano recital (Factory Facd256), which includes Ligoti's splendid sextet of Etudes. After Nancarrow's player plane, he sounds less than ideally incisive in Ligetl's most Nancarroid studies (the first and third) – one dreams of what Pollini or Demidenko might do with them; but Hind's assured grasp of the musical sense far outclasses what we heard at their London première, and he offers much beautiful playing in a substantial programme.

m a substantial programme.

Besides the Ligeti it includes

Messiaen's "Le Courlis
cendre," and Elliott Carter's
noble Piano Sonata of 1946
(perfectly "accessible," and certainly beholden to Copland's sonata, but a seminal work) — and some Steve Martland, his 1982 Kgakala. You might have seen young Martland on TV recently, hunting down the reactionary Establishment élite who won't make room for Reich and Glass and John Adams the minimalists and Adams, the minimalists and post-minimalists who command the nearest thing to a popular audience for "classi-cal" music Martland sets great

store by Communication.

Kgakala doesn't, however, represent him at his communi-cative best. A loose-knit affair of ethnic bits, repeated-note flurries, Messiaenic neo-Impressionism and humanist malaise, it confirms the thesis that what "evocative" music generally evokes is other evocative B.A. Young | music. His 1983 Babi Yar and

his 1987 Drill (played, respec-tively, by the Residentie Ork-est of The Hague under Elgar Howarth, and the duo-pianists Gerard Bouwhuis and Cees Van Zeeland: Facd266) make bolder fists, especially if one takes the advice in the sleevenote: "This recording should be played at a high volume."

If you do, both these expansive pieces sound terrific.

It helps to imagine yourself among a crowd ready and eager to respond to Martland's fervent sincerity, but not too familiar with his evident models: routine Stravinsky syncopations, Messiaen's hieratic chorales with insistent chimes and gongs, neo-Hollywood à la John Adams, laced with big-band riffs. (I fancy that John Buller's Proença with its searing electric guitar is somewhere behind this, too.) In short, everything that currently pleases is here; against the élitist dogma that there's no longer any musical lingua franca, Martland illustrates exactly what it is. I suspect that there is also, nevertheless, an individual Martland waiting to emerge.

For tenderer ears (Home Counties, say) there is a winning discovery on ASV CD DCA 686: the opening Allegro of Fauré's early Violin Concerto, performed in 1880 but then abandoned, and until new forestated by the abandoned of the counties of the say of the counties of the say of now forgotten. It is a good piece, with Fauré fingerprints and Rodolfo Bonucci plays it ardently. What gives it more than archaeological interest is that Fauré was to recall its main theme forty-plus years later for his last work, the infinitely subtler String Quartet; the comparison is seriously illuminating. Enrique Bátiz conducts the Mexico City Philharmonic stylishly in the rest of the programme, all evergreen Fauré.

Susan Drake's harp recital (Hyperion CDA66340) includes both of Faure's ACT'e' mature, haunting pieces for her instrument, the radiant Impromptu and the elusive "Châtelaine en sa tour," but she is literal and pedestrian with them - instrumental colours nicely contrasted, the colours nicely contrasted, the lyrical lines quite flat. The rest consists of lighter 19th-century stuff, modestly appealing. In the soprano Barbara Hendricks' new Fauré collection, La bonne Chanson is invincibly respectful and pretty; it's left to her pianist Michel Dalberto to supply all Michel Dalberto to supply all the live expressive force. She is lovely, though, in many of the

separate songs.

An imposing rediscovery from Fauré's time is the Violin Sonata of the crusty, melancholic Albéric Magnard, played with searching authority by Augustin Dumay and Jean-Philippe Collard on EMI (CDC 7 49890 2) along with Franch's Search The Mermard Franck's Sonata. The Magnard revival continues apace, and listeners who have come upon his remarkable Fourth Symphony or his opera Guercoeur will recognise the impassioned stoicism of this grandly built sonata.

On DG 429 353-2, "live" Michelangeli performances (from last year) of Mozart concerti, K. 466 and 503, looked promising, but I was disappointed. Despite stretches of refined playing and some extraordinary dramatic touches in the cadenzas, the great planist mostly sounds devitalised and even disaffected. Cord Garben, conducting the North German Radio Symphony, actually has much more arresting, provocative ideas about the

David Murray

### A 'Tale' to catch

HR SICILIAN court is having a ball in this rendering of Shake speare's The Winter's Tale; Leontes and Polizenes both wear paper crowns over 19th-century uniforms, Camillo a cardboard fez. He holds a bottle and two glasses as he chats with Archidamus, Hermione is as friendly with Polizenes as her husband fells her. Then Leontes seases too much intimacy in their modest embrace; the lights dim, the pose is held, and spoilit, he bursts into his sudden jealousy. The story has begun, and the character of this imaginative production has been established.

Phyllida Lloyd, the director, is no more restrained by the

Royal Exchange Theatre's round stage in Manchester than she was by Bristol's con-ventional one. If she wants galety, there will be comedy, ev farce, as free as she needs, but the mood can change at once, her characters with it, to encompass whatever comes

Emotions are where they should be, on the outside. Any useful symbol can be invoked Emilia has to pass a modern uniformed wardress to visit Hermione in prison, and the fun at the sheep-shearing takes place among half-a-dozen

motor-bike. Anything goes.

The playing matches the production. I haven't heard such consistently good verse-speaking for a long time, and every movement is right. Sean Baker's Leontes is short-tempered from the start, shouts anything like an instruction -I've never heard the requirement that Mamilius should "Play, boy, play!" made so harsh, yet it went with the mood of the moment. Mark Drewry's Polizenes, on the other hand, was smoothly courteous at Leontes's court, and this underlines his fury when he discovers his heir pre-

paring to marry a shepherd's



Lester, who is black and elecast as Mamillius, for whom he is about 10 years too old, but he is a good Young Shepherd. A boy Mamillius is one of the two small lacks of the evening. The other is the bear, whose

dinner is served offstage. Claire Hackett's Perdita is more delightful in her country persona than in her adopted aristocracy, but charming in both. Her lines about the gilly-vors, the daffodils and the rest were magic. The company is rich in young actresses; besides the female Autolycus, Cleomenes and Dion are girls and the officer at Hermione's prison. Barbara Marten plays Hermione with much sympa-thy, and looks ravishing as, disguised as sculpture, she

N. COURSE. - Total palean Court Ford

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Presently Curus

RINCE OF WALES, Covenity St. 7cl s04,562 Aspects of Love 0636A30937. © Pinadilly Clour

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revolves on Paulina's mobile straffed: sheep. Autolycus gant, he blends a genuine cour-(female, wonderfully played: test with youthful sportiveness. Ellie Haddington's Paulina; and sung in Glaswegian by at the shearing. That quality is who succeeds in her dual Myra McFadyen) arrives on a beyond Kulvinder Ghir, mis-requirement of being both umentative and charming

The designer is Anthony Ward, who has worked with Phyllida Lloyd at Bristol and knows her style, and the imagi-native lighting is by Kevin Sleep, Gary Yershon has pro-vided the songs, apt and pretty.

The production, subsidised by the National Westminster Bank, will tour in a newly-designed tent-theatre of a pattern similar to the Manchester theatre but with only one storey, so holding only 430. Between March 21 and May 5 it will visit ten sites, beginning with Crewe. It is worth any trouble

B.A. Young

4mbache CHAMBER - ORCHESTRA OUEEN ELIZABETH HALL FEBRUARY 22ND 7.45 PM 'DOUBLES'

Spink Buy War Medals eg Orders & Decori

ART GALLERIES

CRYPT GALLERY, BLOOMSBURY WC1 12-25 February, exhibition of art by Joses Ven-son and Alicia Melamed. PARICH GALLERY 11 Motoomb St. SW1 0' 236 8144 Rognon de la Pieche (1865 - 1931

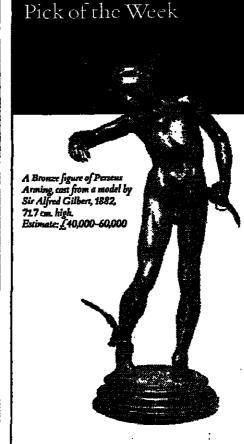
WYMDIAM'S, Charing Creas Rd, Rd \$67,1116 Annother Time T0836/20950. & Lakester Square Theatreline To selvertise Call the 0836 Theatreline numbers in this guide for more information please ring either and daily seat availability. Calls cost 25p off peak or 38p standard/peak from anywhere in the UK.
Theatreline is produced by S.W.E.T.

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> HALLE ORCHESTRA SCHUMANN Piano Concerto BRUCKNER Symphony No 3 Stanisław Skrowaczewski conductor Peter Donohoe piano

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One lady had been married and divorced, then remarried her divorced husband. "Is it better the second time?" "Oh, it's ever so much better!" - but that was Sarah Miles in Desert



**CHRISTIE'S** THIS GRACEFUL SCULPTURE occupies an important place in the occurre of Sir Alfred Gilbert. The bronze figure was cast in Italy and clearly shows the artist's admiration for Donatello and the Florentine School, Exhibited at the Grosvenor Gallery in 1882 and the Paris Salon in 1883, Perseus Arming was enthusiastically received and encouraged Gilbert to pursue the 'lost-wax' method of casting which he had learnt in Italy and helped to reintroduce to England. This model is thought to be Gilbert's first autograph bronze cast. It is included in the sale of sculpture, furniture and objects titled The Nineteenth Century at Christie's, King Street on Thursday, 15 February at 10.30 a.m. For further information on this and any other sales in the next week, please telephone (01) 839 9060.

> 8 King Street, London SW1 85 Old Brompton Road, London SW7 164-166 Bath Street, Glasgow

### Florizel is played by Adrian The Official London Theatre Guide

LUSSIN, St Martin's Lo. Tel 862.115 Llood Brothers 1634.2001, © Luissian Square ALDWYCH, Aldwych, 7el 8364494 The Cherry Orchard Closes Mer 28 1 0626 (1980). © Holbert TOSSE CONTO. 49 Hollows

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on the Arts Diversions pages - 873 3176

RUGBY SPECIAL: Tim Burt previews an international needle match in Wales while John Kitching examines proposed law changes

### Women make the running

THE NATIONAL rugby in those three matches. The in Paris for their Five Nations union sides of English women have suc-match against France. This union sides of England and Wales will do battle on a muddy field in Neath, west Wales, tomorrow. The coaches predict it will be hard-fought and have told their players to "take no prisoners.

The wet conditions could favour the powerful Welsh forwards, who are determined to keep possession away from an English back division which has out-played them in their past three meetings. Jeff Williams, a former Pontypool wing three-quarter and now the national coach, is banking on the big guns at the front to win the match. "The England backs are exceptional but my girls will die for Wales," he says.

More than 2,000 people are expected to watch the game, the needle match of women's

rugby. The local side will be earning their first international caps from the Welsh Rugby Football Union (WRFU), putting to rest rumours that ment is reluctant to recognise that the women in red represent their country officially. That reluctance might be linked to the poor Welsh record against England: just 14

points scored and 96 conceded

O, FAREWELL amateur

and job offers often were part of the

club transfer market. But for the

International Board officially to

endorse some aspects of profession-

alism, as it is expected to do next month, is a considerable step for-ward (writes John Kitching).

Many feel that the proposals do not go far enough; others that they should not even be considered

because they will be Bad For The

Game. What is important is that the rugby union authorities have at last

decided to address the subject of

professionalism, and to accept that a few bricks should be removed

from the walls of amateurism. But

the choice of the areas targeted is idiosyncratic, to say the least.

1990s, it looks as if leading players

will be allowed to accept payments for opening supermarkets but not

for advertising chocolates or lager.

It is difficult to see any difference

between associating yourself with, say, Sainsbury's and endorsing

Carling Black Label. But there we

In the brave new world of the

rugby star. You had become a myth in the upper levels of

the game where expenses

English women have succeeded where their male coun-terparts have failed - winning convincingly in Wales. But the English supremacy has been blamed by some Welsh women players on male chauvinism. There are only 11 female teams west of the border compared with more than 100 at English universities or affiliated to English clubs such as Saracens and Waterloo.

The WRFU rejected a bid by the women to play tomorrow's fixture at Cardiff Arms Park, the national stadium. Williams is anxious to play down his team's disappointment but Lisa Burgess, the captain, says: "We suffer because we do not have the same backing from men's clubs as exists in England." The rugby gender gap saw the Welsh union send their men's team for warmweather training in Lanzarote in preparation for the annual Five Nations championship series. The women have trained in rain-soaked Abertillery. But there is similar "dis-crimination" in the way England are treated.

Last weekend, the English Rugby Football Union (ERFU) paid for the men's team to stay at the luxurious Grand Hotel

> Subject to the International Board's approval, leading players and officials can expect to earn money from:

Loss of earnings payments for home internationals (subject to proof).

Books and articles. Broadcasting and speeches.
 Television and films. Personal appearances.

They will not be allowed to earn ■ Playing the game. ■ Advertising and promotional

If the changes are implemented there will be a very real sense of history repeating itself, for it was the very issue of "broken time" or loss of earnings incurred while playing the game - that brought about the rugby league breakaway

The death knell for amateurism or "shamateurism" as it more realistically is in the higher reaches of the game, has been greeted with muted joy by leading players and dismay by English administrators such as Dudley Wood, the Rugby Football Union secretary.

"We have strong reservations,"

14 A Chile and New Mexico

16 Girl with sex appeal changed, due to fatigue (9)
18 Get hold of professional

19 Project for armed robbery

21 Works for nothing for every article (5)
23 An incident the night before

24 Shoot to stop (4) .
Solution to Puzzle No.7,160

Puzzle No.7,149

O H E E E 1 E OVERRIPE CROCUS

Dorothy Borg, Llangedwyn, Oswestry; R.M. Ellis, St Levan,

Cornwall: Mrs P.D. Hawker, Lincoln; Derek Smyth, Ken-nington, Ashford, Kent; T.J. Spencer, London N22.

over the books (5)

dish (9)

remedy (7)

weekend, the women's side will be staying in two of Neath's cheaper bed-and-breakfasts after paying their own travel expenses - plus a fee for the privilege of wearing the allwhite kit with its distinctive

red rose. English women's club sides have overcome resistance from the ERFU authorities at Twick-

'The commitment would put the men to shame

enham by showing that their sport was growing so fast abroad that the home countries were in danger of being left behind. Early in the 1980s, a US team touring the UK found there were no women good enough to give them a game. "They had to play against themselves," recalls Deborah Griffin, spokeswoman for the women's union. Now, the game has spread to France (which beat Great Britain 14-8 in their first match), Holland (which beat Wales three tests to nil).

Italy, Sweden ("who were thrashed by England," says Griffin), Canada, New Zealand, West Germany, Spain, Belgium

and even Japan.

Griffin, who also chairs the women's club at Richmond, Twickenham in south-west London, says there is less sexual bias in other countries because women took up the game at the same time as their male counterparts. The first English club to

embrace the women's sport was Finchley, in the heart of Prime Minister Margaret Thatcher's political constituency. It was followed by some of the country's biggest clubs, and fathers between female and fixtures between female teams have become moneyspinners. Griffin says: "The financial benefits can be enormous. Clubs can increase membership substantially and can open club facilities on Sundays when the women play." The monetary spin-off has spread to the national side, which is starting to attract sponsorship. Even here, though, the "male-ness" of the sport means the backers are more likely to be breweries, such as Carlsberg, rather than Estee Lauder. B. I. G. Homes of Pontypool

has sponsored tomorrow's game - paying for a new chal-

lenge cup as an incentive for the Welsh side to score their first victory against the English — while Williams and Mark Spivey, his Australian fitness coach, have put the side through rigorous training. "The commitment of these girls would put the men to shame. They play at 100 miles an hour," says Williams. Inevitably, the growth of the sport has also seen an increase in the number of injuries and the number of injuries and inevitable clashes off the ball. "But nobody has been paralysed," says Griffin, "just broken bones and one case of internal injuries."

The bruising pace is a testimony to the hard tackling by the women. The Welsh coach come to the match for a laugh will be "putting down their pints and watching avidly. They play the game harder than the men. It's not dirty, mind you. We've a number of married women playing and I've never seen a punch thrown or illegal use of the boot."

The English response to the powerhouse Weish forwards will be to fling the ball to their speedy backs. Women players, unlike men, do not rely on kicking to gain ground and their game lacks the often-mo-



Preparing for the crunch: England's forwards work out on a scrummaging machine

notonous punting from one end of the pitch to another. England captain Karen Almond says: "It will be a running game. We have two very sharp wings and a strong full-back who are all capable of match-winning play." Williams says his side will win by 10 points and warns Almond: "England are not invincible. We can beat them."

Teams: WALES - Backs: 15 Alison Congstaff, 14 Sharon Gibby, 13 Sandra Phillips, 12 Enid Davis, 11 Jackie Morgan, 10 Leslie Brooks, 9 Janet Ged-

Forwards: 8 Anne Williams, 7 Carol Thomas, 6 Helen Cairy, 5 Francis Margerison, 4 Lisa Burgess, 3 Marie Bowen, 2 Bears, 1 Elaine Skif-fington

ENGLAND - Backs: 15 Jane Mitchell, 14 Cheryl Stennett, 13 Samantha Robson, 12 Claire Williets, 11 Deborah Francis, 10 Karen Almond, 9 Emma Mitcheil.

Forwards: 8 Gillian Burns 7, Carol Isherwood, 6 Sally Cockerill, 5 Sarah Wann, 4 Janis Ross, 3 Jayne Watts, 2 Sue Wachholz-Dorrington, 1 Jane Mangham.

### Play up and play the (professional) game

he said. "Paying players for time lost when they are on international duty looks fairly innocuous, but the implications behind it are worrying. If this is the sort of game that everybody wants, then fine. If you join a club, you have to abide by its

Many players, however, think that the changes do not go far enough. The reaction of England and British Lions hooker Brian Moore, a Nottingham solicitor and advocate of professionalism, was typical: "It seems very piecemeal. They should have changed everything in one go."

One thing is certain: no rugby player is going to make a fortune on the back of the proposed changes, and only a few will make anything approaching substantial amounts. A dashing three-quarter who is articumake much more from personal appearances than a taciturn, cauliflower-eared prop forward.

Surely, if the International Board wants to reward senior players for the huge effort they put into the ne, it would be fairer to move to direct payments for playing. Such a step would at least address rugby union's worst-kept secret: that jobs, "expenses," cars and even houses are used by several top clubs as inducements to players. On the one hand, it would seem

logical for rugby union to follow soccer and cricket down the professional road. On the other, there has been professional rugby in England for nearly 100 years and it is still confined almost entirely to Yorkonly a handful of clubs have the their players handsomely.

Rugby union is popular — but is it popular enough to go fully professional? And is it wealthy enough?

Perhaps it is the broad amateur base of the union game that pro-vides its strength. That someone like Dewi Morris, for example, could progress from junior rugby to the England side within a few months - as he did last season - is evidence of something soccer, cricket or rugby league would be hard-pressed to match.

The greatest strength of rugby union is, perhaps, its silent amateur majority and its spokesman, Dudley Wood. He wrote recently: "Whose game is it? Surely, it belongs not just to the top players, important though they are, but to the hundreds of thousands of junior players

**TELEVISION & RADIO** 

and to those many ex-players [who arel now voluntary administrators, coaches, referees, groundsmen and fund-raisers. "And what about all those who

cram themselves into club-houses on Saturday evenings and who form the massive crowds who come to Twickenham? Perhaps it is time they stood up to be counted."

Perhaps it is. Perhaps the real

danger is that full-scale professional rugby union would mean nothing more than a circus of highly-rewarded super-stars completely out of touch with what is, at grass roots, essentially a players game. It was the first rugby World Cup in 1967 - played in Australia and New Zealand - that set a stage for potential super-stars in the sport. Next year, another World Cup will be staged, this time in England, when New Zealand's All Blacks will

defend the crown they won in '87. What else can we expect in the new decade? On the domestic front, Wales have a chance to emerge from the doldrums of the 1980s (one shared championship, compared with six wins in the 1970s) and England a chance actually to fulfil

Several things are certain. We know that New Zealand are the best international side, that Bath and Neath are the most successful club sides in the British Isles (but not the most attractive), that David Sole is the finest forward in the world.
John Gallagher the finest back, and
that Nigel Melville has been the
unluckiest man in the game in the past 10 years. He was England's best half-back prospect but could not stay free from injury. Who are the up-and-coming faces

to look for? Here is a random handful. In Wales, Adrian Davies and Andrew Booth; in England, Steve Hackney, John Liley and Simon Holmes. Western Samoa should be pencilled in as the most improved side of the past decade. If they could stop losing players to the All Blacks, they could be a force in world rugby in the 1990s.
The saddest sight of the '80s was

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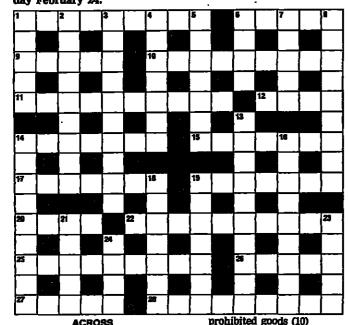
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the Fijian side: once purveyors of sunshine and free-style rugby, now given to petulance and mis-directed aggression. As rugby heads towards full professionalism, we can only hope that such negative elements do not become even stronger features of the game.

### CROSSWORD

No. 7,161 Set by HIGHLANDER
Prizes of £10 each for the first five correct solutions opened.
Solutions to be received by Wednesday February 21, marked
Crossword 7,161 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 24.



1 Not completely courteous office reported to top Russian committee (9)

motor-cycle (5) 9 Both upset about river beat (5)
10 Polish plant producing drug

for African cattle (9)

11 Wagner quartet and German songs heard by principal trouble-maker (10)
12 Deterioration in sport (4) 14 Allow to confer a formal

designation (7)
15 Military band including two
beginners and a prostitute 17 Make a good profit from

sweep (5,2)

19 For example, FT is exceptional inside for content (7)

20 Irish running club (4) 22 Build a case from components of one vitamin (10)

25 Very surprised when we captured vehicle (9) 26 Delight in the morning exercise (5)

27 Panic gets in the way of 28 Extend pie-mix as appropri-

DOWN

1 The fisherman some say is safe (5) 2 Grassed area still sounds OK for spectacles to be held

3 Forbidden language German source is listing (10) 4 University doctor on rampage creates resentment (7) 5 Unusual, like copper not on

regular round? (7) 6 Some come and go tight (4) 7 Two; one is flat (5) 8 A wasting disease: there are days without a sign of vic-

13 Against secondrate and/or

BBC2

2-45 pm Strikent (in Hindi with English subti-tion). 12:25 Film: "Topper Takes a Trip" with Rotand Young, Stille Burke and Constance Bennett, 4-99 Snooker. 8:25 For Those in Peril, 7:05 Newserlew, 7:50 Un Lemper. 8:55 Saturday Night Citive. 8:36 Maidro Qut. 10:25 The Film Clutz. Novelist and critic Gibber Adair Introduces a season of films by Rob-erto Rossettiol, which begins with one of the landmarks of chema history. 110:28-12:15 and Films. "Rome. Open City" with Anna Magnani

LONDON

\$200 am TV-am Broeklast Programme. \$250 Children's ITV: Motormouth 2 Including Scooly Doo and The Real Chostbusters. 11:20 The ITV Creat Show. 12:20 pm The Munisters Today, 1500 ITN News lottowed by netlocal weather. 1:35 Local news and

Masters, 2:18 Coronation Street, 2:05 Mattook, 4:98 Kets and Dog. 4:35 Cartoon Time. 4:45 Results Service. 5:39 ITN News followed by national weather. 5:95 Loc news and weather. 8:15 Baywatch. 8:10 Calchphrase. 6:45 Her ettis Baywatch, ettis Cakchphrassa, 8:46 Hag-gard, 7:18 Billod Dets, Bass Hurder, She Wrote, 9:56 Yellowitread Street, 19:55 ITN Naws and aport followed by national weather, 19:26 Local weather, 19:25 Appel & Company, 11:16 Tour of Duty... 12:35 Sens-day Night at the Movies, 12:35 are Scap followed by ITN News Headlines.

**CHANNEL 4** 

600 am Durrell in Russia. 6:39 Just 4 Pan.
7:00 Once Upon a Time.-Life. 7:30 International Times. World News. 6:56 Transworld
Sport. 8:56 Channel 4 Recing. The Morning
Line. 9:25 Sing and Swing. 8:00 Same Difference. 1:00 To the End of the Rinnin. 119:36
Film: "Who Done It?" with Senny Hill.
12:05 pen Sky and Germit de Voyage. 12:23
Dence with Me. 12:39 Equinoc Faster than a
Speeding Builat. 11:36 Film: "The Great Ziegfeld" with William Powell, Luite Reiner and
Myrns. Lov. ted with visigen Power, Luce Namer on hyrne Loy. Sold Brookside Omnibue. 8:00 Right 1 Rophy 6:03 Scottish Eye. 7:30 The World Thi Week, 7:15 Europe Express. 8:00 Adventures The Lonellest Mountain. 8:00 4 Play - Tailot Takes 7:so. 18:00 Border Warfare. 11:00 Th Oprah Winstey Show. 111:55 Film: "I Marrie a Monster from Culer Space". 1:20 ass Film "Red Planet Mars".

S4C WALES

World, 11:00 World of Herbs, 11:30 That's Entertaining, 12:00 Street Hockey, 11:2:30 pm Crown and Steamsock, 13:9 Margot Fonteyn, 12:45 Film: "You Cen't Teke R With You" with Jean Arthur, James Stewart and Lionel Ser-rymore. 8:20 The Wonder Years, 7:00 Gophers, 7:30 Newyddion, 7:40 Minaton, 8:15 Y Masse Chestana, 20:5 Cylansoddwyr, 9:00 4 Play, 111:15 Film: "The Slu-Skind Triengle" with Nicol Williamson and Sarah Allies.

ANGLIA 12:38 pas Nucleiberry Fiss and His Friends. 205 Film: "The Flercast Heart" with Susart Whitman and Juliet Provise. 1:148 Saturday Hight at the Movies. 1:58 Film: "From Here to Eternity" with Frank Sinatre, Montgomery City and Deborah Kers.

CENTRAL

CHANNEL

12:30 pm The Double Deckers, 12:55 Adventures of Th Th. 2:36 Film: "The Florost Heart" with Street Whitman and Juliet Prowse, 11:10 Spatrady hight at the Movies. 11:25 Prisoner: Cell Block H, 12:35 are Film:

12:30 per Ski Tips. 1:85 Diary Deten. 3:08 Film: "Bettle for the Planet of the Apas" with Roddy McDowski. 11:16 Setunday Night at the Movies. 11:40 Film: "Juggerneus" with Rich-ard Harris and Onser Sharif.

GRAMPIAN

**GRANADA** 

**SATURDAY** HTY WALES = HTY except SCOTTISH

> 12:30 pm MB. 3:85 Film: "The 39 Steps" with Kenneth More and James Haylor, 11:10 Sel-saley Night at the Movies, 11:40 Film: "The Righter" with Alain Delon, TSW

12:30 pm The South West Week, 1:48 Sk Tips, 3:05 Film; "The Fiercest hear?" wid Shuart Whitman and Juliet Prowné. Sol Newsport. S:16 Gus Honeybun's Magic Sirch days. 11:16 Saturday Night at the Mories 11:06 Film: "Rollous" with Jame Ponda.

12:30 pm Sid Tipe, 2:05 Film: "Battle Planet of the Apen" with Roddy Mci 11:18 Saturday Night at the Movies Film: "Juggernaut" with Richard Han

TYNE TEES 12:36 per The Munsiers Today. 2:16
"Thunder Bay" with James Stewart, Dre and Den Duryes. 4:16 Bullisey Morthern Life Samurley Special. 11:16 day Night at the Movies, 11:40 Fing lover" with Jame Fonds.

ULSTER

12:38 pm The Munsters Today. 12:16 Films.
"An Alligator Named Calay" with Consel Sinden. 3:58 The Life and Times of Crizzly Adams. 11:16 Saturday Hight at the Movies.
11:18 Film: "Politors" with Jane Fonda.

YORKSHIRE

aid Sinden, Rotand Culver and Gordon Jack-son. 11:10 Tour of Duty. 12:35 am I'M News Headlines tolkneed by Film: "Moon of the Wolf" with David Janassen and Barbara Rush.

RADIO

BBC RADIO 2 k**05 am** David Jecobe, **9:06** Sq 805 am David Jacoba, 206 Squade of the 60a with Genry Maradan. 1000 Anne Robinson. 1200 Genate Harper. 1500 per Pull the Other Onel 2500 Robin Ray on Record. 2500 Kill Royle. 600 NoStCole - Let's Do lit The second programme celebrating the works of Noël Coward and Cole Perter. 600 Cimera 2. 430 Roy's Recipes. 700 Best the Record. 729 Saturday Night Gelat. 250 These Beseiful Balled Years. 1205 am Night Owis presented by Dave Gally. 1500 am Sila hill presents 'Hightride', 3500-4500 A Little Night Mosic.

BBC RADIO 3

790 are Morning Concert. 839 News., followed by Shure Cherkessity (pleno) playing Choolo's Sonsta No 2 in B flat minor and the Op 10 set of Studies. 8250 Setunday Review. 1535 pen News. 1535 Words: Prof Robert Teyfor of the School of Oriental and African Shalles, London. 1516 Early Music Network: Music tram 17th Centhary Italy by Barbara Strozzi, Francesca Caccini and Isabella Leonards. Leonarda.

206 From the Proma 1988 89C Symphony
Orchestra cond by Andrew Davis, with Felicity Loti (apprano): Mozart (Symphony, No 41,
Jupiker), Strassa (Four Leat Songs); 240
Interval Reading); 3:55 Brainta (Symphony,
No 4), 3:85 David Wilson-Johnson (Carlbone)
and David Owan Norna (plano) perform

8:30 "Prince Igor": Bernard Haltink con-ducts the Royal Opera House, Covent Gar-deo, centenary production of Borodin's opera, with Sergel Lefertus in the title role and a cast including Anna Tomowa Sintow and Panta Burchuladze. (8:30-8:23 Andrei-Serban about his approach to directing Prince Igor": 8:25-18:20 Nicholas Kenyon investigates the progress of the Garden Ver-ture, the Royal Opera House's continuing new apera project). 11:35 Seethoven's Dia-bell Variations, played by Majscolm Trosposit Variations, played by Majscolm Trosp

7:90 am Yoday, 9:90 News, 8:05 Sport on 4, 9:30 Breakaway, 10:00 News; Loose Ends with Ned Sherrin and guessis (s), 11:00 News; The Week in Westrainster, 11:30 From Our Own Corresponderd, 12:00 Money Box, 12:25 gm Fm Sorry I Ruwen 1 a Clue (s), 12:35 Weather 1:50 News, 17:10 Any Cuestions? 2:56 News; Any Answers? 2:30 Psy; "Inventing a New Colour" by Psut Godiney (s).

(plano), 12:00-12:05 am News,

#### SUNDAY

ESSENG 8
ESS any Playdaya. 2:15 Articles of Paith. 2:36
This is the Cay. 10:00 Bazaar. 10:25 Buongiorno Issial 10:20 Europeans. 11:23 Spelling
I Out. 11:26 Step Up to Word Power. 11:26
Snapi 12:26 pm See Heart 12:20 County File.
130 News. On The Record. 2:00 EssEnders. 3:00 Snooker: Benson and Hedges
Masters. 2:05 The Clothes Show. 5:26
Artifupee Roadshow. 6:15 it Ocean't Here to
Hart. 6:25 News. 6:49 Songs Of Prelae. 7:15
You Rang, M'Lord? 8:05 Bergarac. 2:00
Snooker. Snooker, 9:20 That's Lifet 19:15 News, 10:30 Every-9:20 That's Engolog. 12:00 Clean State. 12:39 am Shrikant (in Hindi with English sub-

Solution to Puzzle No.7,160

WHERRY PROCEEDS
O S A L A O L E
REPTILLE CAMPION
K I L V C M T D
SPOT WELOGIPEDE
H N B L O T
ONAGER ANIMATE
F G A O S E O G
B E QUIEST ANSWER
S J C H T N A
PERIODICAL USED
A H L T D A F II
SMETANA EXPLODE BBÇ2 12:00 Westminster Week, 1:00 pm Open University. 1:30 40 Minutes. 2:10 Reported: Update, 12:00 Film: "Mister Roberts" (starring versity. 1:28 40 Minestes. 2:16 Reportings Update. 12:00 Film: "Mister Roberts" (starring James Cagney, Herry Fonda, William Powell and Jeck Lemmon). 5:00 Rugby Special. 8:00 Sti Sunday. 6:25 The Money Programme. 7:15 Crist 1980. 2:53 The Talk Show with Cilve James. 19:15 Film: "The Impossible Soy" (a "Screen Two" production starring John Shea and Ell Wallach). 11:50 Rapide. 12:28es Snub TV. MUTTSSLW Semester becket Solution and winners of VAGARY ADVANCED
I R I O N H E
CHAMPS MONTGALM
I N P O R I I II
OLDGLORY SPIRAL
U S E B I O L
SELF DISCIPLINE
A R T E E S
TEMPERANCE MODE
O C L O P M L
RATION SOBRIETY
N I R S L O T S
ANTIDOTE SPARSE
D H E E E I E

LONDON

6:00 am TV-em Brenklast Programme. 225
Children's ITV: The Disney Club. 18:45 Link.
11:00 Morning Worship. 12:00 Encounter.
12:30 pm My Little Pont. 72:40 Police 5. 12:55
Lotal news and weather. 1:00 ITM News.
10:00wed by national weather. 1:10 Eyewiness. 2:50 McCloud.
2:25 The Match. Littlewoods Cup Semi-Pimal, First Leg Notinghem Porest v Coventry
City. 5:25 Busiseye. 8:35 Rescue. 8:30 ITM
News. followed by autional weather. 8:30
Local news and weather. 8:40 Highway. 7:15
The Two of Us. 8:30 Wight Me Luck.
8:00 Agatha Christie's Porest. 19:09 ITM
News. followed by ITV National Weather.
10:13 Local Weather. 10:20 Terrant on TV.
10:35 The South Besit Show...Hers Werner
Henze. 11:50 One to Che. 12:30 am The
ITV. Chart Show.

**CHANNEL 4** 

6:00 am Hadelvjahl 6:39 Country Ways. 7:0 World of Harbs. 7:29 Bm Office Weekly. 6:9 The Busters. 6:39 Children's leiend. 6:30 Den rie. 9:25 Spice. 10:09 A Week in Politice 11:39 Pob Goes to Hospital. 17:39 The Hari derson. Kids. 12:09 The Wasters. 1:80 ge Lund of the Glants. 2:30 Opers On 4: "Kat's Katumbre." 2:50 Horsige to Section; Senue Becket, Silence to Stence. becase, Suspect to Stience.
225 News summary and weather. Edit Ari
of the Western World. E500 4th Dimerator.
220 The Worder Years. 1700 Fragile Earth:
The Struggle for Salmon. 250 The Media
Show, £00 Homege to Section? Krapp's Lest
Taps. 1625 There Was a Crooked Man?
Starring Kick Dougles and Henry Fonds.
12-20 am Classes from Three Continents; MR

\$4¢ Wales

As Chemend & scoopt-tells at The Invention Boy, 8:15 Hafoc. 1:06 pm Burw Masen. 1:29 Fideo 9. 2:09 Opera. Jongla. 4:55 Blue Pullman. 4:09 Equinox 8:09 Yukon Chuts. 8:29 Moving Sittle. 6:46 Sen Sieffen. 7:00 O Bédwar Ban. 7:10 V Dyn Paptur Nawydd. 7:25 Newyddion. 7:36 Haptus Dyria. 8:40 Hel Strason. 8:30 Dechteu Canu, Dechteu Canud. 8:09 May Na Phagwi Nawydd. 8:40 Tystion. 8:30 The Media Show. 4:50 The Fishing Schoolbova and the Wild

ANGLIA CENTRAL

CHANNEL

GRAMPIAN 12:30 pre Jack Thompson Down Under, 2:50 Highway to Heaven, 2:50 Darts - "The What Sveryone Wants Home Internsitional Knock-out Cup." 4:50 Country Matters, 4:50 But-leye, 5:56 Scotsport, 11:56 Prisoner, Csti Glock H. 12

GRANADA 12:38 pm Grunnda This Week, Including What the MPs Sav followed by Granada Nova Headlines. 2:00 Richmond Hill. 2:56 Bullisaya. 2:36 Coronstide Street. 17:58 Prisoner Cell Block H. 12:46 am Quiz Night.

12:20 gas West Country Farming followed by: Westher for Farmers. 2:00 HTV Newspaces. 2:30 HTV West Hugby Cup special. 11:50 Pris-oner: Cell Black H, followed by ITN News. HTV WALES at HTV except-12:00-12:30 per West on Sunday. 2:90 The Spectacular World of Guinness Records.

SCOTTISH

TSW 12:28 per Farming News, 2:59 Off the Hook, 2:13 The apectacular world of Guinness Records, 2:50 Carbontine followed by Qua Honeyburia Magdi Birthdays, 2:55 Sunday Sport - Rugby Spocks, 11:59 in the Heet of the Night followed by ITN News, Headilos.



TYNE TEES 12:38 per The Bock Page. 2:50 "Remember?" starting Robert Taylor, Greer Carson and Lew Ayres. 5:35 Coronalism Street (commbus edition). 11:36 Forum Presents - Peter Tosh. 12:45 am (TN News Insallines. 12:47 Out.)

**ULSTER** YORKSHIRE RADIO (5) Starse no FM

BBC RADIO 2

BBC RADIO 3

7:00 am Journeys and Planes, 7:30 News. 7:35 Helifetz and Frience. Beethoven (Serenade for string Irio Op. 8, with Primarce and Platigorsky), Rozzia (Violin Concerto), 8:36 Healigorsky), Rozzia (Violin Concerto), 8:36 Healigorsky), 11:15 BDC Scottish Symphony Orcheetra cond. by Taluar Yusan, with Konstanty Kukia (violin), Srathes (Violin Concerto), Hindernikh (Symphony: Mathis der Moler). Moler! 12:25 pm Ouasi Una Fantaoia Leulle Howard (piano) plays Beethoven's Senatz in E flat Op 27 No 1 and Lisz's B-menor Senatz 128 Post of the Month: Fleur Adock roads lour poems by New Zestander James K Bonler. 128 Uniter Orchestre, with Malcolm
Birns (plane): Poulenc (Plane) Concertol.
Scravinsky (Symphony in C), 230 Rubinstelle
on Record. Chabrier (Scherze-Vallee).
Sravinsky (Symphony in C), 230 Rubinstelle
on Record. Chabrier (Scherze-Vallee).
Srahns (Plane Coursel No 3), Revel (Valses
nobles of sentimentales), Mozert (Plane Concerto No 20, 430 Langham Chamber (Plane Concerto No 20, 430 Langham Chamber (Plane)
for Inta, harp and String), Napid (Symphony
No 50, 465 Hohemsons Schubertiade 1988.
Schubert songs performed by Peter Schreier
(sentr) with Andreas Schiff (plane), Erts Beitding the Enchanted Lion. 759 Royal Liverpool
Philiparmonic Orchestre, with Dinier Alexeeu
Stanol: Lyadov (Bebe-Yega), Schodin (In the
Stappes of Central Asia), Protoffee (Plane
Concarso No 1), Techlikotsky (Symphony Mo
5), 435 A Fire at Sea. Richard Pasco reads
vinn Turpenev's story (more), 356 Londor
Chamber Symphony, with Lean Birlotti
(Dobe): Frank Bridge (Unfinished Symphony).
Leon Birlotti (Obec Concerto), Jonathan
Lovd (Symphony No 3), 1628 Third Sign.
1030 Romanian Church Music, 1138 The Vinrocac Celta. Staven teartis (celto) and Magdia Cole (harpsichord) play three sonaliss by
Boccharin. 1230-1236 ats News.

RADIO 4

7:00 are News, 7:70 Sunday Papers, 7:16 On Your Farm, 7:40 Sunday, Including 7:55 Weather, 2:00 News, 2:16 Sunday, Papers, 2:50 Appeal by Jim Thompson, Bishop of Stopmey, speaks on behaff of the Child Powerty Action Group. 2:54 Westper, 2:00 News, 2:10 Sunday Papers, 2:15 Letter from Aryeneles by Alexair Cooks, 2:30 Morning Selvics (3), 10:23 The Arches, 1:15 News, Stand, 11:30 Pick of the West, 2:151 News, Stand, 11:30 Pick of the West, 13:151 News, Stand, 11:35 Pick and 11:30 The World This Western, 1:35 Shipping Forecast, 2:00 Gardaners' Cuastion Picke, 2:30 Classic Serial, 3:30 The Radio Programme Ia), 4:30 News; The Countryside in Winter.

in Winter.

4:37 Fragile Paradise 5:38 Nove: Down Your Way. 5:40 Lines of Communication. 5:59 Shipping Forecast, 8:55 Weather 4:50 Nove. 6:15 Feedback: Chris Dunley kirs Hatener' comments on 68:5 programmes and policy. 4:30 Singer's Choice (s). 7:30 Shockristif. 5:50 The Radio 4 Dulays. 5:30 Meas: Enquire Wishin. 5:45 The Ratios. 5:30 Meas: Enquire Wishin. 5:45 The Natural History Programmes. 2:39 Weather. 10:50 News. 16:15 Pillars of Society. 11:30 In Communice. 11:30 Seads of Faith (s). 12:08-12:50 am Naws.